

**BATON ROUGE CAPITAL  
CONFLICT OFFICE, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDING  
DECEMBER 31, 2023 AND 2022**

## Table of Contents

Independent Auditors' Report	1-3
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-13
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer	14
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Schedule of Findings and Questioned Costs	17
Schedule of Prior Year Audit Findings	18
Independent Accountant's Report on Applying Agreed-Upon Procedures	19-27



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Baton Rouge Capital Conflict Office, Inc.  
Baton Rouge, LA

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Baton Rouge Capital Conflict Office, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Capital Conflict Office, Inc. as of December 31, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baton Rouge Capital Conflict Office, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter*

As discussed in Note 1 to the financial statements, all employees of the Organization became employees of the 19<sup>th</sup> Judicial Office of the Public Defender. The Organization will not receive any further support from the Louisiana Public Defender Board. Our opinion is not modified with respect to that matter.

#### *Responsibilities of Management for the Financials Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Baton Rouge Capital Conflict Office, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audits of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

Exercise professional judgement and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Baton Rouge Capital Conflict Office, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Statewide Agreed Upon Procedures are not a required part of the basic financial statements but is supplementary information required by Louisiana State Law. Such information is the responsibility of management

and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024 on our consideration of Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and compliance.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 19, 2024

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 789,698	\$ 797,566
Contract receivable	-	106,667
Prepaid expenses	-	6,527
Total Current Assets	<u>789,698</u>	<u>910,760</u>
Property and Equipment, net	4,002	7,258
Right of Use Asset - operating lease	<u>-</u>	<u>32,569</u>
Total Assets	<u>\$ 793,700</u>	<u>\$ 950,587</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accrued liabilities	\$ -	\$ 36,289
Current maturities of operating lease liabilities	<u>-</u>	<u>32,569</u>
Total Current Liabilities	<u>-</u>	<u>68,858</u>
Total Liabilities	-	68,858
Net Assets		
Without donor restrictions	<u>793,700</u>	<u>881,729</u>
Total Liabilities and Net Assets	<u>\$ 793,700</u>	<u>\$ 950,587</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
REVENUES		
Louisiana Public Defender Board	\$ 1,173,333	\$ 1,280,000
Expense reimbursements	103,100	47,220
Interest income	7,782	1,578
In-kind contributions	4,000	4,000
Other income	1,681	-
Total Revenues	<u>1,289,896</u>	<u>1,332,798</u>
EXPENSES		
Program services	1,333,224	1,240,245
Management and general	44,701	43,954
Total Expenses	<u>1,377,925</u>	<u>1,284,199</u>
CHANGE IN NET ASSETS	(88,029)	48,599
Net assets - beginning of year	<u>881,729</u>	<u>833,130</u>
Net assets - end of year	<u><u>\$ 793,700</u></u>	<u><u>\$ 881,729</u></u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services	Management & General	Total
Accounting	\$ 11,760	\$ 490	\$ 12,250
Computer expenses	15,431	643	16,074
Education and reference	13,707	-	13,707
Employee benefits	21,913	913	22,826
Depreciation expense	3,256	-	3,256
Dues and subscriptions	6,850	-	6,850
Expert expenses	101,500	-	101,500
Insurance	110,016	4,584	114,600
Investigative expenses	7,194	-	7,194
Medical records	1,369	-	1,369
Office expenses	31,842	1,327	33,169
Payroll taxes	59,170	2,465	61,635
Rent	72,184	-	72,184
Salaries and wages	814,524	33,939	848,463
Telephone	8,155	340	8,495
Travel	54,353	-	54,353
	<u>\$ 1,333,224</u>	<u>\$ 44,701</u>	<u>\$ 1,377,925</u>

See accompanying notes and independent auditors' report.



**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Management & General	Total
Accounting	\$ 10,800	\$ 450	\$ 11,250
Computer expenses	13,259	552	13,811
Education and reference	8,945	-	8,945
Employee benefits	42,013	1,751	43,764
Depreciation expense	3,630	-	3,630
Dues and subscriptions	6,023	-	6,023
Expert expenses	47,833	-	47,833
Insurance	103,989	4,333	108,322
Investigative expenses	3,322	-	3,322
Medical records	1,462	-	1,462
Office expenses	23,030	960	23,990
Payroll taxes	59,157	2,465	61,622
Rent	77,888	-	77,888
Salaries and wages	794,369	33,099	827,468
Telephone	8,262	344	8,606
Travel	36,263	-	36,263
	<u>\$ 1,240,245</u>	<u>\$ 43,954</u>	<u>\$ 1,284,199</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (88,029)	\$ 48,599
Adjustments to reconcile net revenues over expenses to net cash (used in) provided by operating activities:		
Depreciation	3,256	3,630
Decrease in contract receivable	106,667	-
(Increase) decrease in prepaids	6,527	(6,527)
(Decrease) increase in accrued liabilities	<u>(36,289)</u>	<u>6,281</u>
Net cash (used in) provided by operating activities	(7,868)	51,983
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(4,622)</u>
Net cash used in investing activities	<u>-</u>	<u>(4,622)</u>
NET (DECREASE) INCREASE IN CASH	(7,868)	47,361
CASH, BEGINNING OF YEAR	<u>797,566</u>	<u>750,205</u>
CASH, END OF YEAR	<u><u>\$ 789,698</u></u>	<u><u>\$ 797,566</u></u>

See accompanying notes and independent auditors' report.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**1. Summary of Significant Accounting Policies**

Nature of Operations

Baton Rouge Capital Conflict Office, Inc. (the Organization) was formed as a non-profit organization in December of 2001. The Organization provides criminal defense services to indigent persons in the State of Louisiana who are facing the death penalty at no charge to the defendant. Support for the Organization comes from the Louisiana Public Defender Board.

In December 2023 the Organization's employees all became employees of the 19th Judicial Office of the Public Defender. The Organization will utilize its existing funds to complete all current cases but all new cases will go through the 19th Judicial Office of the Public Defender. The Organization will not receive any further support from the Louisiana Public Defender Board.

Basis of Accounting

The financial statements of Baton Rouge Capital Conflict Office, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization reports information about its financial position and activities using two classes of net assets that recognize the existence and nature of restrictions on its net assets.

Net Assets

Baton Rouge Capital Conflict Office reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

*Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**1. Summary of Significant Accounting Policies (continued)**

Revenue Recognition

The Organization's main source of revenue comes from a contract with the Louisiana Public Defender Board to provide legal services to indigent persons who are facing the death penalty. This contract is invoiced in equal amounts over a twelve month period with no consideration given to the number of cases tried or hours worked. From time to time there are increases in the contract to account for additional workload at the request of the Louisiana Public Defender Board. When the contract is increased the amount is prorated over the remaining months on the contract.

The Organization is also reimbursed by the Louisiana Public Defender Board for expenses incurred such as expert witnesses, forensic experts, psychologists, and out of state investigations that are not covered under the contract. These expenses are invoiced as incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash includes all funds in checking and savings accounts.

Income Taxes

The Organization accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to federal information return examinations by tax authorities beyond three years from the filing of those returns.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**1. Summary of Significant Accounting Policies (continued)**

Functional Expenses

The Organization allocates its expenses on a functional basis between program service or management and general. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification. Other expenses are allocated between programs and supporting services based on management's best estimate of time, percentage, or square footage used, among other factors.

Recently Issued Accounting Standards

As of January 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* and all subsequent amendments. The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. For all leases with terms greater than 12 months, the new guidance requires lessees to recognize right-of-use assets and corresponding lease liabilities on the balance sheet and to disclose qualitative and quantitative information about lease transactions. The new standard maintains a distinction between finance leases and operating leases.

Effective January 1, 2022, the first day of fiscal year 2022, the Organization adopted the requirements of ASU 2016-02 using the transition provisions at the date of adoption instead of at the earliest comparative period presented in the financial statements. Accordingly, comparative financial statements for periods prior to the date of adoption were not adjusted. The Organization elected the group of practical expedients that allowed the Organization to not reassess the following: whether any expired or existing contracts represent leases, the classification of any expired or existing leases, and the initial direct costs for any expired or existing leases. The adoption of ASU 2016-02 did not have a material impact on the statements of activities and changes in net assets or cash flows.

On July 30, 2018, the FASB issued ASU 2018-11 to provide entities with relief from the costs of implementing certain aspects of the new leasing standard, ASU 2016-02. Specifically, under the amendments in ASU 2018-11, entities may elect not to recast the comparative periods presented when transitioning to ASU 842 - *Leases*, and lessors may elect not to separate lease and non-lease components when certain conditions are met.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**2. Property and Equipment**

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives which is typically 5-7 years.

Property and equipment consists of the following:

	2023	2022
Furniture and fixtures	\$ 8,381	\$ 8,381
Machinery and equipment	57,250	57,250
	<u>65,631</u>	<u>65,631</u>
Accumulated depreciation	(61,629)	(58,373)
	<u>\$ 4,002</u>	<u>\$ 7,258</u>

**3. Commitments and Contingencies**

The Organization receives the majority of its revenue from a contract with the Louisiana Public Defender Board. Funds paid out under this contract are subject to approval by the legislature. It is possible that funding under the contract could be reduced or eliminated based on decisions by the legislature. Management is not aware of any pending reductions or elimination of the contract.

**4. Concentrations**

Approximately all of the Organization’s revenue is from funding provided by the Louisiana Public Defender Board. All of the Organizations accounts receivable is due from the Louisiana Public Defender Board.

Financial instruments, which potentially subject the Organization to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2023 and 2022, Baton Rouge Capital Conflict Office had \$544,096 and \$554,433 above the insured limit. The Organization places its deposits with high-credit, quality financial institutions and does not believe that it is exposed to any significant credit risk on uninsured amounts.

**5. In-Kind Contributions**

The Organization uses five licenses to the LexisNexis database provided by The Louisiana Appellate Project at no cost to the Organization. The use of these five licenses is valued at \$4,000. The value of the in-kind contribution is reported as revenue and an education and reference expense of the Organization.

**6. Liquidity and Availability of Financial Assets**

The Organization has \$789,698 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures. This amount consists of cash in checking and savings accounts. There are no amounts unavailable for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date.

As part of the organization's liquidity management plan, excess cash is placed in a savings account that can be accessed to meet unexpected liquidity needs or in the event of financial distress.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**7. Reimbursed Expenses**

In accordance with the contract, the Louisiana Public Defender Board reimburses the Organization for expenditures relating to expert witnesses, forensic experts, psychologists and out of state investigations. These expenditures fluctuate from year to year depending on the number of experts needed and number of cases that go to trial. The expenditure is shown on the Statement of Functional Expenses under the caption Expert expenses.

**8. Leases**

The Organization had an operating lease for office space in Baton Rouge that apply to Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This lease had monthly payments ranging from \$6,355 to \$6,526 over the life of the lease. The lease expired on May 31, 2023 and then converted to a month to month lease through November 2023 when the Organization moved to the 19th Judicial District Court. This lease had a discount rate of 0.78% which was the U.S. Treasury Rate at the lease inception.

Total lease expense was \$72,184 and \$77,888 for the years ending December, 31, 2023 and 2022, respectively.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR  
FOR THE YEAR ENDING DECEMBER 31, 2023**

Executive Director	K. Romanach
Salary	\$ 115,732
Benefits	2,969
Travel reimbursements	1,938
	<u>\$ 120,639</u>

See accompanying notes and independent auditors' report.





**Daigrepoint & Brian**  
Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Baton Rouge Capital Conflict Office, Inc.  
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Baton Rouge Capital Conflict Office, Inc., (a non-profit organization) which comprise the statement of financial position as of December 31, 2023 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 19, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Baton Rouge Capital Conflict Office, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 19, 2024

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

**Summary of Auditors' Reports**

Type of auditor's report issued		Unmodified	
Material weakness(es) identified?	Yes	_____	No <u>  X  </u>
Significant deficiencies identified that are not considered to be a material weakness?	Yes	_____	No <u>  X  </u>
Compliance			
Noncompliance material to the financial statements	Yes	_____	No <u>  X  </u>

**Findings**

There are no findings for the year ended December 31, 2023

**Questioned Costs**

There are no questioned costs for the year ended December 31, 2023

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Summary of Prior Audit Findings**

There were no prior year audit findings.





## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Baton Rouge Capital Conflict Office, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Baton Rouge Capital Conflict Office, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Baton Rouge Capital Conflict Office, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***1) Written Policies and Procedures***

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
  - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The Organization's policies and procedures address each of the categories noted above as applicable for a nonprofit organization.

## 2) **Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted as a result of applying this procedure.

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: Bank reconciliations were not completed within 2 months of the related statement closing date.

### **4) Collections (excluding electronic funds transfers)**

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting*

*the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.*  
Obtain supporting documentation for each of the 10 deposits and

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted as a result of applying this procedure.

**5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - vi. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- C. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons



authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Exception: The employee who processes payments (business manager) also enters the vendor information in the accounting software using the W-9 filled out by the vendor.

Exception: Checks are mailed by someone who is responsible for processing payments after a separate employee signs the check.

#### ***6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

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- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted as a result of applying this procedure.

#### ***7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
  - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- v. Results: No exceptions noted as a result of applying this procedure.

Results: No exceptions noted as a result of applying this procedure.

## **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

### **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The Organization is a nonprofit so this procedure does not apply.

### **11) Debt Service**

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Organization is a nonprofit so this procedure does not apply.

### **12) Fraud Notice**

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- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted as a result of applying this procedure.

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 - completed the training; and
  - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: We performed the procedures and discussed the results with management.

### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

The Organization is a nonprofit so this procedure does not apply.

Management and the Board of Directors concurs with the exceptions noted.

We were engaged by Baton Rouge Capital Conflict Office, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Baton Rouge Capital Conflict Office, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Daigrepoint & Brian, APAC  
Baton Rouge, LA

June 19, 2024