

BIG BUDDY PROGRAM
BATON ROUGE, LOUISIANA
DECEMBER 31, 2022



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L.A. CHAMPAGNE & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Big Buddy Program

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Big Buddy Program (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and 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 Big Buddy Program as of December 31, 2022 and 2021, and the changes in its 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 audit 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 Big Buddy Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Emphasis of Matter

As discussed in Note M to the financial statements, the Organization has suffered a significant decrease in net assets and has a deficit net asset without donor restrictions. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note M. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Buddy Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 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 judgment 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 Big Buddy Program'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 Big Buddy Program'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency heads is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of Big Buddy Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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 Big Buddy Program's internal control over financial reporting and compliance.

J. A. Champagne & Co., LLP

*Baton Rouge, Louisiana
June 30, 2023*

BIG BUDDY PROGRAM
STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 26,543	\$ 45,122
Grants and other receivables	175,819	459,839
Prepaid expenses	29,035	2,933
Total current assets	231,397	507,894
 PROPERTY AND EQUIPMENT		
Property and equipment, net of depreciation	131,224	147,401
Total assets	\$ 362,621	\$ 655,295
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 131,065	\$ 60,317
Accrued wages	3,266	-
Accrued vacation	4,125	3,854
Other liabilities	23,034	23,034
Line of credit	166,468	27,550
Short-term debt	17,199	-
Total current liabilities	345,157	114,755
 NET ASSETS		
Without donor restrictions	(192,217)	377,356
With donor restrictions	209,681	163,184
Total net assets	17,464	540,540
Total liabilities and net assets	\$ 362,621	\$ 655,295

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Donations	\$ 155,583	\$ -	\$ 155,583	\$ 106,326	\$ -	\$ 106,326
Grant income	1,649,336	163,800	1,813,136	1,707,308	163,000	1,870,308
Fees and contract revenue	6,894	-	6,894	4,675	-	4,675
Fundraising	63,935	-	63,935	30,509	-	30,509
Other revenue	-	-	-	366,310	-	366,310
Transfers in satisfaction of restrictions	117,303	(117,303)	-	34,720	(34,720)	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,993,051</u>	<u>46,497</u>	<u>2,039,548</u>	<u>2,249,848</u>	<u>128,280</u>	<u>2,378,128</u>
FUNCTIONAL EXPENSES						
Program services	2,138,960	-	2,138,960	1,728,322	-	1,728,322
Fundraising	99,354	-	99,354	104,702	-	104,702
Management and general	324,310	-	324,310	280,434	-	280,434
TOTAL EXPENSES	<u>2,562,624</u>	<u>-</u>	<u>2,562,624</u>	<u>2,113,458</u>	<u>-</u>	<u>2,113,458</u>
CHANGE IN NET ASSETS	<u>(569,573)</u>	<u>46,497</u>	<u>(523,076)</u>	<u>136,390</u>	<u>128,280</u>	<u>264,670</u>
Net assets - beginning of year	377,356	163,184	540,540	240,966	34,904	275,870
Net assets - end of year	<u>\$ (192,217)</u>	<u>\$ 209,681</u>	<u>\$ 17,464</u>	<u>\$ 377,356</u>	<u>\$ 163,184</u>	<u>\$ 540,540</u>

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (523,076)	\$ 264,670
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	16,177	18,486
PPP loan forgiveness	-	(366,310)
(Increase) decrease in receivables	284,020	(96,044)
(Increase) decrease in prepaid expenses	(7,284)	12,584
Increase (decrease) in payroll taxes and other withholdings payable	-	(114)
Increase (decrease) in accrued wages	3,266	-
Increase (decrease) in accrued vacation	271	-
Increase (decrease) in accounts payable	70,748	(34,538)
Net cash used in operating activities	(155,878)	(201,266)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(4,350)
Net cash used in investing activities	-	(4,350)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	183,155
Payments on short-term debt	(1,619)	-
Proceeds (payments) on line of credit, net	138,918	(40,000)
Net cash provided by financing activities	137,299	143,155
NET INCREASE (DECREASE) IN CASH	(18,579)	(62,461)
Cash - beginning of year	45,122	107,583
Cash - end of year	\$ 26,543	\$ 45,122
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 6,657	\$ 3,067

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022				2021			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	\$ 740,312	\$ 73,910	\$ 52,775	\$ 866,997	\$ 690,812	\$ 41,287	\$ 48,510	\$ 780,609
Payroll tax and employee benefits	91,449	28,043	3,725	123,217	89,608	23,596	3,757	116,961
Professional services	648,318	130,738	1,045	780,101	431,290	114,947	2,179	548,416
Supplies	50,224	2,687	664	53,575	118,480	2,577	-	121,057
Marketing	-	2,012	108	2,120	10	-	108	118
Meals	14,285	1,595	-	15,880	14,734	1,924	-	16,658
Occupancy expenses	68,292	5,808	1,936	76,036	35,765	18,189	1,019	54,973
Transportation	58,665	7,688	-	66,353	32,121	4,403	-	36,524
Insurance	62,251	6,367	2,122	70,740	59,793	5,840	1,731	67,364
Depreciation	14,236	1,456	485	16,177	16,408	1,603	475	18,486
Interest expense	-	6,657	-	6,657	-	3,067	-	3,067
Office expense	35,488	57,291	360	93,139	34,292	55,940	1,702	91,934
Special events	8,706	-	35,934	44,640	275	-	45,221	45,496
Other expenses	3,323	58	200	3,581	1,619	7,061	-	8,680
Scholar stipends	336,691	-	-	336,691	189,285	-	-	189,285
Assistance	6,720	-	-	6,720	13,830	-	-	13,830
	<u>\$ 2,138,960</u>	<u>\$ 324,310</u>	<u>\$ 99,354</u>	<u>\$ 2,562,624</u>	<u>\$ 1,728,322</u>	<u>\$ 280,434</u>	<u>\$ 104,702</u>	<u>\$ 2,113,458</u>

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Big Buddy Program (the Organization) is a nonprofit organization operating in the Baton Rouge area, offering children in Pre-K through twelfth grade from low-income families the opportunities for recreational, cultural, and educational activities. The Organization is primarily funded by Capital Area United Way; the City of Baton Rouge-Parish of East Baton Rouge; and federal, state and other private programmatic grants.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which recognizes revenue when earned and expenses when incurred and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization reports information regarding its financial position and activities according to the two classes of net assets as follows:

Net assets without donor restrictions - resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions - resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Program service fees are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. To accomplish this, the Organization applies the following five-step process to achieve this core principle:

- Identification of the contract with the member;
- Identification of the performance obligations under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligations; and
- Recognition of revenue when (or as) an entity satisfies the identified performance obligations.

Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Receivables and bad debts

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of clients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management believes that all receivables are collectible in full, and therefore, no allowance for bad debts has been provided in the financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with maturities of ninety days or less when acquired to be cash equivalents.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	15-39 years
Furniture and equipment	5-7 years
Transportation and equipment	5 years

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Donated personal services

The value of donated personal services provided has not been recorded in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs and various committee activities.

Donated equipment

Equipment donated to the Organization is recorded at fair market value on the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets at that time.

Prepaid expenses

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid expenses.

Income taxes

The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. Accordingly, no provision for income taxes has been included in the financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by tax authorities. The Organization has evaluated its position regarding the accounting for uncertain tax positions and does not believe that it has any material uncertain tax positions.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

Full-time employees earn one-half day of vacation time per month. Employees that do not use all of their vacation time are allowed to carry forward a maximum of 40 hours to the following year. Employees terminating their employment with the Organization are entitled to be compensated for their accrued vacation pay. Full-time employees also earn one-half day of sick time each month. Employees terminating their employment with the Organization are not compensated for their accrued sick pay.

A liability for compensated vacation time is provided based upon the number of hours of unused time at the employee's current hourly rate. No liability is accrued for sick leave in accordance with applicable accounting standards.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed when incurred.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, administrative, and fund raising based upon estimates of staff time devoted to these functions.

Adoption of new accounting standards

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. The ASU also requires expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Organization adopted the new standard effective January 1, 2022 using the modified retrospective method. Adoption of this ASU had no impact on total beginning net assets at January 1, 2022.

The Organization also adopted the amendments of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2022. Adoption of this ASU did not have an impact on net assets.

B: CONCENTRATION OF CREDIT RISK

The Organization maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation. Management believes the credit risk associated with these deposits is minimal.

C: ECONOMIC DEPENDENCY

The Organization receives the majority of its funds provided through government grants and contracts. If significant budget cuts are made at the federal or state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is aware of budget cuts and is making the necessary reductions in expenses and exploring additional funding sources. Significant among those are the following, reflecting their percent of total revenues provided in 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Capital Area United Way	4%	15%
Department of Education Grants	33%	31%
City of Baton Rouge	35%	26%

D: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 258,017	\$ 258,017
Transportation equipment	168,275	168,275
Furniture and equipment	107,346	107,346
	<u>533,638</u>	<u>533,638</u>
Less accumulated depreciation	(402,414)	(386,237)
	<u>\$ 131,224</u>	<u>\$ 147,401</u>

Depreciation expense for 2022 and 2021 was \$16,177 and \$18,486, respectively.

E: LEASE OBLIGATION

The Organization leases certain equipment under agreements classified as operating leases. The lease expense under these agreements was \$12,772 and \$8,969 for the years ended December 31, 2022 and 2021, respectively. There were no future minimum rental payments required under the equipment leases as of December 31, 2022.

F: CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the respective governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

G: LINE OF CREDIT

The Organization maintains a \$200,000 line of credit through a local financial institution secured by a mortgage on program facilities located at 1415 Main Street. The line of credit matures on December 15, 2027. The Organization is obligated to make monthly interest payments at prime (7.00% at December 31, 2022) plus 1.50% until maturity (minimum rate of 5.50%), at which time all unpaid principal and interest is due. As of December 31, 2022 and 2021, the outstanding balance on this line was \$166,468 and \$27,550, respectively.

H: PAYCHECK PROTECTION PROGRAM LOAN

During the years ended December 31, 2021, the Organization received a total of \$366,310 in proceeds from the Paycheck Protection Program (PPP) under the CARES Act. The PPP provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The loans were 100% forgiven during 2021 year and recognized as other revenue on the statement of activities.

I: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue related to the program service fees is recognized at a point in time when the Organization meets its performance obligations under the program services. As of December 31, 2022, there are no performance obligations to be satisfied. Program service are billed monthly and payment is due upon presentation.

Disaggregated Revenue

The Organization disaggregates revenue from contracts with customers into major revenue streams and based on the timing of recognized revenue. The Organization's revenue disaggregated based on timing of the transfer of goods or services is as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Recognized at a point in time:		
Program service	<u>\$ 6,894</u>	<u>\$ 4,675</u>

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets, receivables, and contract liabilities. There were no contract balances as of December 31, 2022 and 2021, respectively.

J: NON-CASH INVESTING AND FINANCING ACTIVITIES

During 2022, the Company financed the purchase of an insurance policy in the amount of \$18,818. During 2021, the Organization received loan forgiveness totaling \$366,310 from the PPP.

K: NET ASSETS

Net assets with donor restrictions consist of funds designated by donors or grantors for specific purposes or programs. At December 31, 2022 and 2021, amounts restricted to use for specific programmatic areas was as follows:

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions		
Mentoring programs	\$ 174,777	\$ 128,280
Transportation	20,000	20,000
Scholarships and other	14,904	14,904
Total net assets with donor restrictions	<u>\$ 209,681</u>	<u>\$ 163,184</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of restrictions specified by donors as follows for the year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restriction accomplished:		
Mentoring programs	\$ 117,303	\$ 34,720
Total restrictions released	<u>\$ 117,303</u>	<u>\$ 34,720</u>

L: LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 26,543	\$ 45,122
Grants and other receivables	175,819	459,839
Less donor imposed restrictions	<u>(202,362)</u>	<u>(163,184)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ -</u>	<u>\$ 341,777</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically cash or money market funds. In addition to the above amounts, the Organization has an open line of credit as described in Note G for \$200,000.

M: GOING CONCERN CONSIDERATIONS

As shown in the accompanying financial statements for the year ended December 31, 2022, The Organization reported a net loss of \$523,076 and a deficit of \$192,217 in net assets without donor restrictions. The Organization's fundraising efforts were significantly impacted by COVID-19 as they were not able to hold their largest fundraiser for the past two years. These conditions create uncertainty about the Organization's ability to continue as a going concern.

The Organization's management has formulated a plan to improve the financial condition and reduce the deficit in net assets without donor restrictions. The following matters have been considered by management in determining that the going concern basis of accounting is appropriate for the presentation of the financial statements:

- In April 2023, the Organization held their largest fundraiser event, Dancing for Big Buddy, in person for the first time since 2019. This event generates significant donations that are used to cover the Organizations operations.
- Having more frequent budget reviews and adjustments throughout the year.
- Hiring freeze when there is staff turnover.
- Raising additional revenue from private grants and funding.
- Expanding summer programs with local agencies to generate additional funding on programs that are already funded.
- Implementing procedures and policies to expediate filing for grant reimbursement requests to increase cash flows.

Management of the Organization believe these plans will alleviate the adverse effect of conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary related to the recoverability or classification of recorded assets or the amounts or classifications of liabilities in the event management's plans do not continue to be successful.

N SHORT-TERM DEBT

On November 14, 2022, the Organization entered into a premium finance arrangement to purchase insurance in the amount of \$18,818. The loan is payable in 11 monthly installments of \$1,825 in principal and interest at 13.15%, maturing on October 14, 2023. The note is secured with the unearned premiums of the underlying policies.

O: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 30, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BIG BUDDY PROGRAM
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
December 31, 2022

Agency Head Name: Gaylynne Mack, Executive Director

Purpose:	<u>Amount</u>
Salary	\$ 87,959
Benefits - insurance	17,739
Reimbursements of goods/services purchased directly for program use	4,886
Travel reimbursement for program activities	728

See accompanying notes to the financial statements.

BIG BUDDY PROGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

FEDERAL GRANTOR GRANTORS/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANTOR CONTRACTOR NUMBER	TOTAL FEDERAL EXPENDITURES
<u>U.S. Department of Education</u>			
Passed through the Louisiana Department of Education:			
Title IV-B Twenty First Century Community Learning Centers	84.287C	31008089200	\$ 562,975
Passed through Empowering Minds:			
Title IV-B Twenty First Century Community Learning Centers	84.287C		116,442
<u>U.S. Department of Health and Human Services</u>			
Passed through the Louisiana Department of Health			
Title V State Sexual Risk Avoidance Education	93.235	2000540062	47,769
State Targeted Response to the Opioid Crisis	93.788	2000589995	10,980
<u>U.S. Department of Justice</u>			
Passed through the Youth Collabatory			
Juvenile Mentoring Program	16.726	2020-JJ-FX-0006	29,766
			\$ 767,932

BIG BUDDY PROGRAM
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

December 31, 2022

A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C: INDIRECT COST RATE

The Organization did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S 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***

The Board of Directors
Big Buddy Program

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 Big Buddy Program (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Buddy Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Big Buddy Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Buddy Program'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 audit 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*.

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 Big Buddy Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Big Buddy Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 30, 2023



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Big Buddy Program

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Big Buddy Program's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

L. A. Champagne & Co., LLP

Baton Rouge, Louisiana

June 30, 2023

BIG BUDDY PROGRAM
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2022

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Big Buddy Program.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instance of noncompliance material to the financial statements of Big Buddy Program was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.
6. There were no reportable audit findings relative to the major federal award programs for the Organization.
7. A management letter was not issued.
8. The program tested as a major program was the Twenty-First Century Community Learning Centers.
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. The Organization was determined not to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

There are no findings that are required to be reported in this section of the report.

C: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There are no findings that are required to be reported in this section of the report.

BIG BUDDY PROGRAM
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2022

There were no findings in the prior year.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Big Buddy Program 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, 2022 through December 31, 2022. Big Buddy Program's management is responsible for those C/C areas identified in the SAUPs.

Big Buddy Program 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, 2022 through December 31, 2022. 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

- 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.
Results: No exceptions were found as a result of this procedure.
 - 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.
Results: No exceptions were found as a result of this procedure.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of this procedure.

- 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).
- Results: No exceptions were found as a result of this procedure.*
- 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.
- Results: No exceptions were found as a result of this procedure.*
- 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.
- Results: No exceptions were found as a result of this procedure.*
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- Results: No exceptions were found as a result of this procedure.*
- 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).
- Results: No exceptions were found as a result of this procedure.*
- 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.
- Results: Not applicable as Big Buddy Program is a nonprofit organization.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- Results: Not applicable as Big Buddy Program is a nonprofit organization.*

- 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.

Results: No exceptions were found as a result of this procedure.

- 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: Not applicable as Big Buddy Program is a nonprofit organization.

2) Board or Finance Committee

- 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.

Results: No exceptions were found as a result of this procedure.

- 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, at a minimum, on proprietary funds, and semi-annual budget- to-actual, 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.*

Results: No exceptions were found as a result of this procedure.

- 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.

Results: Not applicable as Big Buddy Program is a nonprofit organization.

- 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 were found as a result of this procedure.

3) Bank Reconciliations

- 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);

Results: No exceptions were found as a result of this procedure.

- 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 (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of this procedure.

- 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.

Results: There are several reconciling items outstanding for more than 12 months with no documentation indicating that the items have been researched.

4) Collections (excluding electronic funds transfers)

- 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).

Results: No exceptions were found as a result of this procedure.

- 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;

Results: No exceptions were found as a result of this procedure.

- 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;

Results: No exceptions were found as a result of this procedure.

- 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

Results: No exceptions were found as a result of this procedure.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of this procedure.

- 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.

Results: No exceptions were found as a result of this procedure.

- 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.

Results: No exceptions were found as a result of this procedure.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of this procedure.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of this procedure.

- 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).

Results: No exceptions were found as a result of this procedure.

- v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of this procedure.

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

- 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).

Results: No exceptions were found as a result of this procedure.

- 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;

Results: No exceptions were found as a result of this procedure.

- ii. At least two employees are involved in processing and approving payments to vendors;

Results: No exceptions were found as a result of this procedure.

- 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;

Results: No exceptions were found as a result of this procedure.

- 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

Results: No exceptions were found as a result of this procedure.

- 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.

Results: No exceptions were found as a result of this procedure.

- C. 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
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Results: No exceptions were found as a result of this procedure.
- D. 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.
Results: No exceptions were found as a result of this procedure.

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

- 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.
Results: No exceptions were found as a result of this procedure.
- 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
Results: No exceptions were found as a result of this procedure.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
Results: There were finance charges on the credit card statement selected for testing.

- C. Using the monthly statements or combined statements selected under procedure #6B 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: There were 5 credit card transactions that did not have original itemized receipts as support.

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

- 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);

Results: No exceptions were found as a result of this procedure.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Results: No exceptions were found as a result of this procedure.

- 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

Results: No exceptions were found as a result of this procedure.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of this procedure.

8) *Contracts*

- 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;
Results: No exceptions were found as a result of this procedure.
 - 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);
Results: No exceptions were found as a result of this procedure.
 - 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
Results: No exceptions were found as a result of this procedure.
 - 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 were found as a result of this procedure.

9) *Payroll and Personnel*

- 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.
Results: No exceptions were found as a result of this procedure.
- 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);
Results: No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Results: No exceptions were found as a result of this procedure.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
Results: No exceptions were found as a result of this procedure.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Results: No exceptions were found as a result of this procedure.
- 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.
Results: No exceptions were found as a result of this procedure.
- 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 were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- a. 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
Results: Not applicable as Big Buddy Program is a nonprofit organization.
 - b. 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.
Results: Not applicable as Big Buddy Program is a nonprofit organization.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Results: Not applicable as Big Buddy Program is a nonprofit organization.

11) Debt Service

- 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.

Results: Not applicable as Big Buddy Program is a nonprofit organization.

- 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).

Results: Not applicable as Big Buddy Program is a nonprofit organization.

12) Fraud Notice

- 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.

Results: No exceptions were found as a result of this procedure.

- 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: The required notice was not posted on Big Buddy Program's website.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) 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.

We performed the procedure and discussed the results with management.

- b) 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.

We performed the procedure and discussed the results with management.

- c) 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

- 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.

Results: Not applicable as Big Buddy Program is a nonprofit organization.

- 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).

Results: Not applicable as Big Buddy Program is a nonprofit organization.

- 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;

Results: Not applicable as Big Buddy Program is a nonprofit organization.

- ii. Number of sexual harassment complaints received by the agency;

Results: Not applicable as Big Buddy Program is a nonprofit organization.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
Results: Not applicable as Big Buddy Program is a nonprofit organization.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
Results: Not applicable as Big Buddy Program is a nonprofit organization.
- v. Amount of time it took to resolve each complaint.
Results: Not applicable as Big Buddy Program is a nonprofit organization.

We were engaged by Big Buddy Program 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 Big Buddy Program 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.

J. A. Champagne & Co., LLP

Baton Rouge, Louisiana

June 30, 2023

BIG BUDDY PROGRAM

Baton Rouge, Louisiana

Management's Response to Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2022

3(A)(iii)

Procedures and protocols will be developed for documenting all research and steps taken regarding checks that are outstanding for more than 12 months.

6(B)(ii)

Management's goal is to pay off credit balances each month to avoid or minimize interest charges.

6(C)

Original receipts were reviewed with the credit card statement; however, they were not properly filed. Management will enhance our record keeping procedures and policies to ensure all itemized receipts are available as supporting documentation.

12(B)

Management will add the required fraud notice links to the official website.