EISNERAMPER

REGINA COELI CHILD DEVELOPMENT CENTER

FINANCIAL STATEMENTS

MAY 31, 2023

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EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Regina Coeli Child Development Center (the "Center"), which comprise the statement of financial position as of May 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Regina Coeli Child Development Center as of May 31, 2023, and the changes in its net assets and its cash flows for the year 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Regina Coeli Child Development Center 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 for our audit opinion.

Prior Period Financial Statements

The financial statements of the Center for the year ended May 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on January 31, 2023.

Responsibilities of Management for the Financial Statements

Management of the Center 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 the Center's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 GAAS 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 the Center'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 the Center'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 an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 18 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 other 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Center'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 solely 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 effectiveness of the Center's 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 the Center's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 30, 2023

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
MAY 31, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	$ 733,067	$ 725,649
Grants receivable	826,890	969,502
Contribution receivable, current portion	34,100	-
Total current assets	1,594,057	1,695,151
OTHER ASSETS:		
Right of use assets, net	111,680	-
PROPERTY AND EQUIPMENT:		
Land	999,658	999,658
Buildings	14,210,128	14,017,941
Vehicles	1,225,138	1,225,138
Equipment	2,587,799	1,660,033
	19,022,723	17,902,770
Less: accumulated depreciation	(9,060,594)	(8,128,260)
Total property and equipment, net	9,962,129	9,774,510
Total assets	$ 11,667,866	$ 11,469,661

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,142,181	$ 1,304,548
Operating lease liabilities, current portion	80,259	-
Notes payable, current portion	60,766	509,833
Total current liabilities	1,283,206	1,814,381
LONG-TERM LIABILITIES:		
Operating lease liabilities, non-current portion	33,021	-
Notes payable, net of current portion	133,378	196,836
Total long-term liabilities	166,399	196,836
Total liabilities	1,449,605	2,011,217
NET ASSETS:		
Without donor restrictions	10,184,161	9,458,444
With donor restrictions	34,100	-
Total net assets	10,218,261	9,458,444
Total liabilities and net assets	$ 11,667,866	$ 11,469,661

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENTS OF ACTIVITIES
YEARS ENDED MAY 31, 2023 AND 2022

	2023	2022
REVENUES WITHOUT DONOR RESTRICTIONS		
Contributions - grants	$ 21,418,800	$ 19,179,958
Contributions - goods and services	487,425	91,013
Contributions - other	7,371	68,617
Other income	266,849	56,221
Net assets released from restriction	-	-
Total revenues without donor restrictions	22,180,445	19,395,809
EXPENSES:		
Program	19,102,524	16,690,131
Management and general	2,352,204	2,269,226
Total expenses	21,454,728	18,959,357
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	725,717	436,452
REVENUES WITH DONOR RESTRICTIONS		
Contributions - nonfinancial assets	34,100	-
Net assets released from restriction	-	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	34,100	-
CHANGE IN NET ASSETS	759,817	436,452
NET ASSETS AT BEGINNING OF YEAR	9,458,444	9,021,992
NET ASSETS AT END OF YEAR	$ 10,218,261	$ 9,458,444

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2023

	Program	Management and General	Total
Personnel	$ 12,395,800	$ 1,322,476	$ 13,718,276
Fringe benefits	1,735,155	179,907	1,915,062
Occupancy	1,643,316	156,146	1,799,462
Depreciation	839,102	93,234	932,336
Food costs	716,097	1,143	717,240
Other supplies	466,883	130,450	597,333
Consultants	227,776	245,241	473,017
Training	296,415	37,381	333,796
Other	231,530	87,270	318,800
Educational supplies	274,650	-	274,650
Travel	238,081	33,821	271,902
Insurance	29,254	59,490	88,744
Interest	8,465	5,645	14,110
Loss on disposal of assets	-	-	-
Total	$ 19,102,524	$ 2,352,204	$ 21,454,728

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MAY 31, 2022

	Program	Management and General	Total
Personnel	$ 11,227,967	$ 1,140,506	$ 12,368,473
Fringe benefits	1,836,343	291,199	2,127,542
Occupancy	1,208,981	236,796	1,445,777
Depreciation	702,924	78,103	781,027
Food costs	517,000	1,358	518,358
Other supplies	220,968	229,312	450,280
Consultants	2,360	153,887	156,247
Training	277,393	2,858	280,251
Other	162,609	65,386	227,995
Educational supplies	265,571	555	266,126
Travel	204,077	25,603	229,680
Insurance	40,679	29,254	69,933
Interest	21,614	14,409	36,023
Loss on disposal of assets	1,645	-	1,645
Total	$ 16,690,131	$ 2,269,226	$ 18,959,357

The accompanying notes are an integral part of these financial statements.

REGINA COELI CHILD DEVELOPMENT CENTER
ROBERT, LOUISIANA

STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 759,817	$ 436,452
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	-	1,645
Depreciation	932,336	781,027
Contribution of non-financial asset	(34,100)	-
Non-cash lease implementation	1,600	-
Changes in operating assets and liabilities:		
Grants receivable	142,612	(39,019)
Prepaid expenses and other assets	-	2,107
Accounts payable and accrued expenses	(162,367)	(38,421)
Net cash provided by operating activities	1,639,898	1,143,791
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,119,955)	(826,179)
Proceeds from the sale of property and equipment	-	10,850
Net cash used in investing activities	(1,119,955)	(815,329)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(512,525)	(100,060)
Net cash used in financing activities	(512,525)	(100,060)
Net change in cash and cash equivalents	7,418	228,402
Cash, cash equivalents, and restricted cash, beginning of year	725,649	497,247
Cash, cash equivalents, and restricted cash, end of year	$ 733,067	$ 725,649
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest expense	$ 14,110	$ 36,023
Change in accounts payable for property and equipment	$ -	$ (86,722)

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

Organization

Regina Coeli Child Development Center (the Center) is a non-profit center that operates Head Start programs in Southeast Louisiana. The Center has been in existence since 1969. It operates eighteen centers, including Head Start and Early Head Start programs, in the five parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington. The goal of the Center is to improve the educational and economic opportunities of those it serves.

A summary of the Center's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The financial statements of the Center have been prepared on an accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. For the years ended May 31, 2023 and 2022, the Center had no net assets with permanent donor restrictions. At May 31, 2023, the Center's net assets with donor restriction are temporary in nature (time restricted) and relate to the Center's cooperative endeavor agreement with the Board of Supervisors for the University of Louisiana System and Southeastern Louisiana University (see Note 8).

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Cash and cash equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management determined that no year-end balances were deemed to be not collectible. Accordingly, a valuation allowance was determined to be unnecessary.

1. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional promises to give are recorded as contributions receivable. Those expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are initially recorded at fair value using present value techniquest incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities. Management has determined that no allowance for uncollectible contributions receivable is necessary at May 31, 2023. Amounts included in contributions receivable at May 31, 2023 relate to the Center's agreement with the Board of Supervisors for the University of Louisiana System and Southeastern Louisiana University (see Contributions of Nonfinancial Assets and Note 8).

Property and Equipment

All assets acquired having a cost or estimated fair value equal to or greater than $5,000 and an estimated useful life of over five years are capitalized and depreciated.

Buildings, vehicles, and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation of all exhaustible fixed assets is charged as an expense. Depreciation has been calculated using the straight-line method. See Note 7 to the financial statements regarding the restrictions on assets acquired.

The estimated useful lives of property and equipment are as follows:

Description	Estimated Lives
Buildings	40 Years
Modular buildings	15 – 20 Years
Vehicles	10 Years
Equipment	5 – 10 Years
Leasehold improvements	10 – 30 Years

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to accounting for the impairment or disposal of long-lived assets, an asset is determined to be impaired if the carrying amount may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the assets exceeds its fair value. Fair value is determined by using an independent appraisal based on market comparisons. There were no impairment losses in 2023 or 2022.

Leases

The Center accounts for leases in accordance with ASU 2016-02, Leases (Topic 842), which requires the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. The Center determines if an arrangement is a lease at the inception of the contract. For leases with terms greater than twelve months, right-of-use assets and lease liabilities are recognized at the contract commencement date based on the present value of lease payments over the lease term. Right-of-use assets represent the Center's right to use the underlying asset for the lease term. Lease liabilities present the Center's obligation to make lease payments arising from these contracts. The Center uses a risk-free rate, which is derived from information available at the least commencement date, in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised.

1. Summary of Significant Accounting Policies (continued)

Lease agreements may include rental escalation clauses or renewal options that are factored into management's determination of lease payments, when appropriate. The estimated useful life of right-of-use (ROU) assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Center's lease agreements generally do not contain any material residual value guarantees, restrictions, or covenants.

The Center has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this practical expedient to all relevant asset classes. Additionally, the Center elected transition provisions available which allowed the carryforward of the Center's historical assessments of whether contracts contain leases, the lease classification, and the treatment of initial direct costs.

Grants, Contributions, and Revenue Recognition

The Center recognizes contributions when cash, other assets, or an unconditional promise to give are received. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Center also receives support in the form of grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenses and/or met the performance requirements in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses or meeting the performance requirements are reported as refundable advances in the Statements of Financial Position. No amounts were reported as refundable advances at May 31, 2023 or 2022.

As of May 31, 2023, the Center was awarded grants of approximately $18,126,000 which were conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As of May 31, 2023, all revenue has been recognized as revenue as the Center has incurred the qualifying expenditures to seek reimbursement. As of May 31, 2022, the Center was awarded grants of approximately $21,380,000 which were conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As of May 31, 2022, approximately $1,815,000 was not recognized as revenue as the Center had not incurred the qualifying expenditures to seek reimbursement. The Center recognized approximately $1,815,000 of grant revenues from prior year awards during the fiscal year ended May 31, 2023.

Functional Expenses

The functional expenses have been summarized between program costs, management and general, and fundraising. Costs directly related to a particular function are charged based on actual costs. There are some costs that are allocated between Program and Management and General when both functions are benefitted by the same cost. These allocations primarily relate to salaries and benefits, which are determined by management based on time and effort.

Contributions of Nonfinancial Assets (In-Kind Contributions)

Contributions of non-financial assets are recorded as revenue when received and as an asset, reduction in a liability or an expense depending on the form of the benefits received. There was a donor-imposed restriction on the donated facilities related to the CEA in 2023 and 2022 (see Note 8). There were no additional donor-imposed restrictions associated with the donated services and assets during 2023 or 2022. .

1. Summary of Significant Accounting Policies (continued)

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Center receives contributed professional services that are recognized and reported using current hourly rates for similar services. The Center also accepts contributions of other non-financial assets that are used in the Center's programs. These other contributions are valued based on the publicly available price for similar items.

The following is a summary of in-kind contributions recognized in the years ended May 31:

	2023	2022
Personnel	$ -	$ 27,573
Occupancy	36,430	-
Supplies/Food	174,731	63,240
Consultants	248,722	-
Training	6,360	-
Other	21,182	200
Total	$ 487,425	$ 91,013

The Center also receives a significant amount of donated services from unpaid volunteers who assist in the Center's classrooms. No amounts have been recognized in the statements of activities for these volunteer classroom services because the criteria for recognition have not been satisfied.

As discussed in Note 8, the Center has a cooperative endeavor agreement with the Board of Supervisors for the University of Louisiana System and Southeastern Louisiana University. Pursuant to the agreement, the Center receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for an initial term of twenty years. During fiscal year 2023, the Center determined the value of this contribution through the date of grant funding in May 2024 on the basis of estimated fair value of similar properties from an independent party's real estate analysis. At May 31, 2023, the contribution receivable related to this transaction is $34,100 and is recorded in the statements of financial position. During the year ended May 31, 2023, the Center recorded $34,100 in contributions of nonfinancial assets with donor restrictions related to this agreement, representing the value of estimated future contributions related to this agreement. During the year ended May 31, 2023, the Center recorded $34,800 in contributions of nonfinancial assets without donor restrictions related to this agreement, representing the value of the current year contribution.

Estimates

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

Concentrations of Credit Risk

The Center periodically maintains cash in bank accounts in excess of insured limits. The Center has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets.

1. Summary of Significant Accounting Policies (continued)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Center adopted the standard effective June 1, 2022, using the modified retrospective method of adoption. The Center elected to use the transition option that allows an organization to apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment (if any) to the opening balance of net assets in the year of adoption. Comparable periods continue to be presented under the guidance of the previous standard. The standard had a material impact on the 2023 statement of financial position but did not have a significant impact on the statement of activities and changes in net assets, the statement of functional expenses, or the statement of cash flows. There was no adjustment to the opening balance of net assets as a result of the adoption. Amounts recognized on the statements of financial position at June 1, 2022 related to ROU assets and lease liabilities were approximately $100,000.

2. Liquidity and Availability

The Center receives approximately 97% of its total revenues without donor restriction from federal grants and raises the remaining portion through local efforts (non-federal share). These grants operate on a reimbursement basis. Because all assets owned by the Center were purchased with federal funds, the federal government retains a right (federal notice of interest) in ownership of these assets, and the Center is restricted from selling any or all assets. The Center is not allowed to maintain reserves or sell assets without federal approval. Should the Center lose federal grant funding, the Center would cease operations and would receive funds from the Office of Head Start (OHS) to settle any outstanding operating expenses and cover payroll expenses through the closing date. OHS would then work with the Center to transfer assets and liabilities of the Center to a new grantee.

The following represents the Center's financial assets at May 31:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	$ 733,067	$ 725,649
Grants receivable	826,890	969,502
Financial assets available to meet general expenditures over the next twelve months	$ 1,559,957	$ 1,695,151

3. Grants Receivable

Grants receivable at May 31 consisted of the following:

	2023	2022
Federal Grants		
Head Start Program	$ 644,180	$ 645,106
Child Care Food Program	182,710	324,396
Total	$ 826,890	$ 969,502

4. Retirement Plan

The Center sponsors a profit sharing plan under Section 404(c) of the Internal Revenue Code. The Plan is a defined contribution plan covering all full-time employees of the Center who are age eighteen or older. Employees are enrolled as active participants on the first day of the month coinciding with or immediately following the date eligibility requirements are met.

Each year, participants may make salary deferral contributions in any percentage from 1% to 100% of compensation subject to the maximum amount permitted by law. The value of a participant's account attributable to his or her contributions is always fully vested. Each plan year the Board of Directors will determine the amount of the employer contribution (if any) that will be made for all eligible participants who are actively employed on the last day of the plan year, which is May 31st. The plan has a five-year vesting schedule for employer contributions as follows:

Year	Percent
0 to less than 2 years	0%
2 years	25%
3 years	50%
4 years	75%
5 or more years	100%

A participant becomes fully vested in his or her entire account when he or she reaches either early retirement or normal retirement age.

During the years ended May 31, 2023 and 2022, $100,000 and $350,489, respectively, was contributed to the plan for the benefit of the plan participants employed by the Center, which is included in fringe benefits in the Statements of Activities.

5. Notes Payable

A summary of notes payable for purchases of head start facilities is as follows:

	2023	2022
4.875% Mortgage payable to U.S.D.A. Rural Economic and Community Development, secured by real estate, due in monthly installments of $3,933 through August 2027.	$ 172,517	$ 211,691
6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of $3,575 through October 2023.	21,627	60,697
4.89% Mortgage payable to a bank, secured by real estate. The terms of this agreement were updated during fiscal year 2018.Payment is due in monthly installments of $4,538 through May 2022, with a lump sum final payment due June 1, 2022. This mortgage payable was paid in full during fiscal year 2023.	-	434,281
Total notes payable	194,144	706,669
Less: current portion	(60,766)	(509,833)
Total long-term notes payable, net	$ 133,378	$ 196,836

5. Notes Payable (continued)

Principal payments on notes payable required in future years as of May 31, 2023, are as follows:

Year	Amount
2024	$ 60,766
2025	41,089
2026	43,137
2027	45,288
2028	3,864
Total	$ 194,144

6. Leases

The Center has lease agreements for the rental of office space at varying terms. Amounts recognized at June 1, 2022, related to ROU assets and related lease liabilities were $101,898 and $99,521, respectively.

Other information related to leases is as follows as of and for the year ended May 31, 2023:

Operating cash flows from operating leases	$	78,400
ROU assets obtained in exchange for lease obligations	$	23,397
Weighted average remaining lease term		1.39 Years
Weighted average discount rate		3.01%
Operating lease cost	$	77,200
Short-term lease cost		30,540
Total operating lease cost	$	107,740

As lessee, operating lease liabilities under non-cancellable leases (excluding short-term) leases are as follows:

Years Ending May 31:	
2024	$ 82,400
2025	33,300
Total lease payments	$ 115,700
Less: interest	(2,420)
	$113,280

Lease costs for the fiscal year ended May 31, 2022 totaled $102,957.

7. Restrictions on Assets

All assets acquired with Department of Health and Human Services funds are owned by the Center while used in the Head Start program for which they were purchased. The Department of Health and Human Services, however, has a reversionary interest in the assets purchased with grant funds, which includes all assets reported as fixed assets. Therefore, the disposition of these assets, as well as the ownership of any sale proceeds, is subject to the requirements of the Department of Health and Human Services.

8. Contingencies

Use of Land

On December 6, 2018, the Center executed a new cooperative endeavor agreement with the Board of Supervisors for the University of Louisiana System and Southeastern Louisiana University. Pursuant to the agreement, the Center receives the use of land for its center located on the campus of Southeastern Louisiana University at no cost for an initial term of twenty years. At termination of the agreement or upon default of the Center, the modular buildings at that location would have to be relocated. No estimate of the value of this in-kind contribution was able to be made as of May 31, 2022. However, the Center obtained the analysis of an independent third-party to assist with valuation of this contribution during the fiscal year ended May 31, 2023. As discussed in Note 1, the Center recorded the value of this contribution in fiscal year 2023, at the value the Center expects through its grant funding date of May 31, 2024.

Grant Programs

The Center participates in a number of federal programs which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of May 31, 2023 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Center.

9. Board of Directors Compensation

The members of the Center's board of directors were not compensated during the years ended May 31, 2023 and 2022.

10. Economic Dependency

The Center receives the majority of its revenue in the form of grants from the U.S. Department of Health and Human Services. The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of funds the Center receives could be reduced significantly and have an adverse impact on its operations. Additionally, the Center must resubmit applications for federal funding every 5 years (funding is awarded in 5-year blocks).The loss or significant reduction of federal programs funding could have a material adverse effect on the Center's operations. In June 2019, the Center's Head Start and Early Head Start federal grant funding was renewed through May 31, 2024.

11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 30, 2023, and determined that there were no subsequent events requiring disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD YEAR ENDED MAY 31, 2023

Agency Head: Josalyn B. Robinson, Executive Director

Purpose:		Amount
Salary		$ 134,578
Benefits – life insurance		874
Benefits – medical insurance		416
Payroll taxes		10,471
Conference travel		965
Cell phone reimbursement		330
	Total	$ 147,634

See independent auditors' report.

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REGINA COELI CHILD DEVELOPMENT CENTER

SINGLE AUDIT REPORT

MAY 31, 2023

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EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

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
Regina Coeli Child Development Center

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 Regina Coeli Child Development Center (the "Center) (a nonprofit organization), which comprise the statement of financial position as of May 31, 2023, 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 November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regina Coeli Child Development Center's internal control over financial reporting (internal control) as a basis for designing 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 a 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regina Coeli Child Development Center'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 financial statements. 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 the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER, LLP
Metairie, Louisiana
November 30, 2023

EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

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

To the Board of Directors
Regina Coeli Child Development Center

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Regina Coeli Child Development Center's (the Center) 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 the Center's major federal program for the year ended May 31, 2023. The Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2023.

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 Regina Coeli Child Development Center 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 the major federal program. Our audit does not provide a legal determination of the Center'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 Center'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 Center'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 Center'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 Center'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 Center'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 Center'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Regina Coeli Child Development Center as of and for the year ended May 31, 2023, and have issued our report thereon dated November 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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.

EisnerAmper LLP

EISNERAMPER, LLP
Metairie, Louisiana
November 30, 2023

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MAY 31, 2023

Federal Grantor/Pass-Through Grantor/ Program Title/Program Description	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
(Passed through the Louisiana Department of Education)			
Child Care Food Program	10.558	N/A	$ 973,695
U.S. Department of Health and Human Services			
Direct:			
Head Start/Early Head Start	93.600	06CH01094903C3 06CH01094904 06HP00007704C3	19,196,850
COVID-19: Head Start/Early Head Start	93.600	06HE000401-01C5	18,485
COVID-19: Head Start CRRSA and ARP Spending Plan	93.600	06HE000401-01C5 06HE000401-01C6	1,229,770
Total Head Start Cluster	93.600		20,445,105
Total Federal Grants			$ 21,418,800

See accompanying notes to the schedule of expenditures of federal awards.

REGINA COELI CHILD DEVELOPMENT CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MAY 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Center under programs of the federal government for the year ended May 31, 2023. 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 Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

2. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Community Facilities Loans

As of May 31, 2023, Regina Coeli Child Development Center had a loan outstanding to the U.S. Department of Agriculture as follows:

Livingston Center	$ 172,517

The above loan is not included in the Schedule because there are no related compliance requirements other than timely payment.

4. Relationship to Financial Statements

Federal awards are included in the Statement of Activities of the Center as grants revenue.

5. De Minimis Cost Rate

During the year ended May 31, 2023, the Center did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

6. Pass Through of Federal Awards

The Center did not pass through any awards during the year ended May 31, 2023.

REGINA COELI CHILD DEVELOPMENT CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED MAY 31, 2023

(A) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified:	None reported
• Significant deficiency(ies) identified that are not considered to be material weaknesses:	None reported
Noncompliance material to the financial statements:	No
Other matter:	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings which are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs:	
U.S. Department of Health and Human Services Head Start / Early Head Start / Early Head Start Expansion	93.600
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	No

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

None reported.

(C) Findings and Questioned Costs Relating to Federal Awards

None reported.

REGINA COELI CHILD DEVELOPMENT CENTER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

YEAR ENDED MAY 31, 2023

2022-001 Non-Compliance with State Audit Law

Condition:	The Center was required to have an annual audit completed by the filing of November 30, 2022 (six months after its fiscal year end). However, the Center did not meet this filing deadline. This is a repeat finding from the prior fiscal year.
Effect:	The Center is not in compliance with State of Louisiana Audit Law. R.S. 39:72.1 does prohibit the payment of funds appropriated to an agency that is not in compliance with the State Audit Law.
Status:	This finding is resolved.

2022-002 Equipment and Real Property Management - Failure to Obtain Approval for Disposition of Property Acquired with Federal Awards

Condition:	A majority of the Center's assets have been purchased with federal awards. The Center disposed of vehicles with a net book value of $13,703 and did not obtain appropriate approval from the awarding agency for these dispositions. The proceeds received as a result of these dispositions were $10,850.
Effect:	The Center is not in compliance with the regulations requiring appropriate approval for the disposition of property.
Status:	This finding is resolved.

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REGINA COELI CHILD DEVELOPMENT CENTER

REPORT ON STATEWIDE AGREED-UPON PROCEDURES ON COMPLIANCE AND CONTROL AREAS

FOR THE YEAR ENDED MAY 31, 2023

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EisnerAmper LLP
One Galleria Blvd.
Suite 2100
Metairie, LA 70001
T 504.837.5990
F 504.834.3609
www.eisneramper.com

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Regina Coeli Child Development Center and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A 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 June 1, 2022 through May 31, 2023. Regina Coeli Child Development Center's management is responsible for those C/C areas identified in the SAUPs.

Regina Coeli Child Development Center (the Entity) 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 June 1, 2022 through May 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by Regina Coeli Child Development Center 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 the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs for the fiscal period June 1, 2022 through May 31, 2023. 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 Regina Coeli Child Development Center 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
November 30, 2023

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 13 "we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

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.

The Entity's written policies and procedures for budgeting do not contain information on amending the budget. The other attributes were addressed in the policies and procedures.

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.

The Entity's written policies and procedures for purchasing do not contain attribute (2) how vendors are added to the vendor list. The other attributes were addressed in the policies and procedures.

iii. ***Disbursements***, including processing, reviewing, and approving

The Entity's written policies and procedures for disbursements do not contain information on processing, reviewing, and approving disbursements.

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).

No exception noted.

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.

No exception noted.

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.

The Entity's written policies and procedures for contracting do not contain attribute (4) approval process. The other attributes were addressed in the policies and procedures.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exception noted.

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).

No exception noted.

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.

The Entity is a non-profit organization. Thus, this procedure is not applicable and was not performed.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have written policies and procedures related to debt service.

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.

The Entity's written policies and procedures for information technology disaster recovery/business continuity do not contain attributes (4) use of antivirus software on all systems, (5) timely applicable of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. The other attributes were addressed in the policies and procedures.

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.

No exception noted.

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 whether 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.

No exception noted.

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.*

The Entity reports on the not-for-profit accounting model. No exception noted.

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.

This step is not applicable for the Entity, as the Entity is a non-profit 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.

No exception noted.

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:

A listing of bank accounts was provided by the Entity's management and included a total of four bank accounts subject to these procedures. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected the four bank accounts and obtained the bank reconciliations for the month ending November 30, 2023, resulting in four bank reconciliations obtained and subjected to the below procedures.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception noted.

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

No exception noted.

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.

No exception noted.

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).

The Entity's public funds are received via electronic deposit. Thus, there are no deposit sites for the Entity related to public funds. Thus, this procedure is not applicable to the Entity.

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:

This procedure is not applicable to the Entity.

i. Employees responsible for cash collections do not share cash drawers/registers;

This procedure is not applicable to the Entity.

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;

This procedure is not applicable to the Entity.

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

This procedure is not applicable to the Entity.

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 verifies the reconciliation.

This procedure is not applicable to the Entity.

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.

The Entity's public funds are received via electronic deposit. Thus, there are no deposit sites for the Entity related to public funds. Thus, this procedure is not applicable to the Entity.

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:

The Entity's public funds are received via electronic deposit. Thus, there are no deposit sites for the Entity related to public funds. Thus, this procedure is not applicable to the Entity.

i. Observe that receipts are sequentially pre-numbered.

This procedure is not applicable to the Entity.

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

This procedure is not applicable to the Entity.

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

This procedure is not applicable to the Entity.

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).

This procedure is not applicable to the Entity.

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

This procedure is not applicable to the Entity.

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).

The listing of locations that process payments for the fiscal period was provided by the Entity's management. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected the single location and performed the procedures below.

B. For each location selected under #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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #5A was provided by the Entity's management. No exceptions were noted as a result of performing this procedure. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

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

No exceptions noted.

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;

For the location selected for our procedures, the employee processing payments was not prohibited from adding/modifying vendor files, and no other employee was responsible for periodically reviewing changes to the 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

No exception noted.

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.

During the period June 1, 2022 through May 31, 2023, an individual not authorized to sign checks approved the electronic disbursement (release) of funds through automated clearinghouse with supervisor approval.

C. For each location selected under #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

A listing of non-payroll disbursements for each payment processing location selected in procedure #5A was provided by the Entity's management related to the reporting period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 disbursements and performed the procedures below.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exception noted.

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.

No exception noted.

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.

A listing of non-payroll disbursements for each payment processing location selected in procedure #3A was provided by the Entity's management related to the reporting period. No exceptions were noted as a result of performing this procedure. From each of the listings provided, we haphazardly selected 5 disbursements. However, the entity's financial institution system has a retention period of less than 90 days. Thus, this procedure could not be performed since testing was performed more than 90 days after the disbursement date.

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.

A listing of cards was provided by the Entity's management. No exceptions were noted as a result of performing 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

From the listing provided, we haphazardly selected 5 cards (4 credit cards and 1 fuel card) used during the fiscal period. We haphazardly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

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

No exceptions noted.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

For one of the five monthly statements subjected to the procedure, a late fee was assessed.

C. Using the monthly statements or combined statements selected under procedure #6B above, <u>excluding fuel cards</u>, 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.

We haphazardly selected 10 transactions for each of the four credit cards selected in procedure 6B and performed the specified procedures. No exception noted.

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:

The listing of travel and travel-related expense reimbursements was provided by the Entity's management for the fiscal period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 reimbursements and performed the procedures below.

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);

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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, <u>excluding the practitioner's contract</u>, and

An active vendor list for the fiscal period was provided by the Entity's management. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 contracts and performed the procedures below.

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;

No exception noted

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);

No exception noted.

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

None of the five contracts selected for testing were amended during the fiscal period. Thus, this procedure was not performed.

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.

We haphazardly selected one payment for each of the five contracts selected in procedure #8A and performed the specified procedures. No exception noted.

9) Payroll and Personnel

A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided by the Entity's management. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five employees/officials and performed the specified procedures. No exception noted.

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We haphazardly selected one pay period during the fiscal period and performed the procedures below for the five employees/officials selected in procedure #9A.

i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exception noted.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exception noted.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exception noted.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exception noted.

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.

   A listing of employees/officials receiving termination payments during the fiscal period was provided by the Entity's management. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected two employees/officials and performed the specified procedures. No exception noted.

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.

   No exception noted.

10) *Ethics*

A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above 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

      The Entity is a non-profit. Thus, this procedure is not applicable.

   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.

      The Entity is a non-profit. Thus, this procedure is not applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

   The Entity is a non-profit. Thus, this procedure is not applicable.

11) Debt Service

A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

   The Entity did not issue bonds/notes during the fiscal year. Thus, this procedure is not applicable.

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).

A listing of bonds/notes outstanding at the end of the fiscal period was provided by the Entity's management. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected one bond/note and performed the specified procedures. No exception noted.

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.

A listing of misappropriations of public funds and assets during the fiscal period was provided by the Entity's management and included no such misappropriations. No exceptions were noted as a result of performing 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.

No exception noted.

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."**

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.

We performed the procedure and discussed the results with management.

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.

We performed the procedure and discussed the results with management.

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.

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 evidenced that the selected terminated employees have been removed or disabled from the network.

We haphazardly selected five terminated employees from the list obtained in procedure 9C and performed the procedure. No exception noted.

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.

The Entity is a non-profit. Thus, this procedure is not applicable.

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).

The Entity is a non-profit. Thus, this procedure is not applicable

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;

The Entity is a non-profit. Thus, this procedure is not applicable

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

The Entity is a non-profit. Thus, this procedure is not applicable

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

The Entity is a non-profit. Thus, this procedure is not applicable

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The Entity is a non-profit. Thus, this procedure is not applicable

v. Amount of time it took to resolve each complaint.

The Entity is a non-profit. Thus, this procedure is not applicable

REGINA COELI CHILD DEVELOPMENT CENTER
MANAGEMENT'S REPSONSE AND CORRECTIVE ACTION PLAN
MAY 31, 2023

Schedule B

Regina Coeli Child Development Center (the Entity) provided a response and corrective action plan for the exceptions noted in Schedule A as set forth below:

Written Policies and Procedures: We will revise our Fiscal Policies and Procedures to include budget amendments and policies/procedures for disbursements. Vendor addition and changes guidance has been added to our policies effective June 2023. Contract approval process has been updated for fiscal policies effective June 2023. We will draft a written policy to address debt service. We will draft policies and procedures for information technology disaster recovery.

Non-Payroll Disbursements: We have changed our procedures to ensure only individuals authorized to sign checks approve (release) electronic disbursements through automated clearing house.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards: We will continue to work with our staff to ensure that all fiscal policies and procedures are followed to ensure timely payments.