

ANNUAL FINANCIAL REPORT

OZANAM INN

SEPTEMBER 30, 2025

OZANAM INN
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February 26, 2026

Board of Directors
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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ozanam Inn (the Inn) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ozanam Inn as of September 30, 2025, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ozanam Inn 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.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Ozanam Inn'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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ozanam Inn'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 accompanying schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis, as required by Louisiana Revised Statute (R.S.) 24:513 (A)(3), and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic 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 February 26, 2026 on our consideration of the Inn'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 Inn'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 Inn's internal control over financial reporting and compliance.


Metairie, Louisiana

OZANAM INN
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 195,196
Grants receivable	<u>137,113</u>
Total current assets	<u>332,309</u>
INVESTMENTS (FAIR VALUE):	
Mutual fund	<u>540,051</u>
Total investments	<u>540,051</u>
PROPERTY AND EQUIPMENT:	
Property and equipment	5,933,232
Less: accumulated depreciation	<u>(1,097,320)</u>
Total property and equipment	<u>4,835,912</u>
TOTAL ASSETS	<u>\$ 5,708,272</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Current portion of long-term debt	\$ <u>280,694</u>
Total current liabilities	<u>280,694</u>
LONG-TERM DEBT:	
Notes payable	<u>3,000,000</u>
Total long-term debt	<u>3,000,000</u>
NET ASSETS:	
Without donor restrictions	<u>2,427,578</u>
Total net assets	<u>2,427,578</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,708,272</u>

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

OZANAM INN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Donations and legacies	\$ 482,384	\$ -	\$ 482,384
Grants	2,425,989	-	2,425,989
Fundraising - special events	530,586	-	530,586
Net investment gain	50,744	-	50,744
Net assets released from restrictions	80,000	(80,000)	-
Total support and revenue	<u>3,569,703</u>	<u>(80,000)</u>	<u>3,489,703</u>
EXPENSES:			
Program services:			
Housing and feeding the poor	3,198,214	-	3,198,214
Total program services	<u>3,198,214</u>	<u>-</u>	<u>3,198,214</u>
Supporting services:			
Administrative	218,807	-	218,807
Fundraising	1,112	-	1,112
Total supporting services	<u>219,919</u>	<u>-</u>	<u>219,919</u>
Total expenses	<u>3,418,133</u>	<u>-</u>	<u>3,418,133</u>
CHANGE IN NET ASSETS	151,570	(80,000)	71,570
NET ASSETS - Beginning of year	<u>2,276,008</u>	<u>80,000</u>	<u>2,356,008</u>
NET ASSETS - END OF YEAR	<u>\$ 2,427,578</u>	<u>\$ -</u>	<u>\$ 2,427,578</u>

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

OZANAM INN
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Housing and</u>			<u>Expenses</u>
	<u>Feeding the Poor</u>	<u>Administration</u>	<u>Fundraising</u>	
Bank charges	\$ -	\$ 511	\$ -	\$ 511
Food and supplies	95,861	10,651	-	106,512
Insurance	72,658	24,219	-	96,877
Interest	30,444	3,383	-	33,827
Miscellaneous	4,675	825	-	5,500
Maintenance contracts	11,122	1,962	-	13,084
Office and computer supplies	14,826	22,240	-	37,066
Payroll taxes	72,247	8,027	-	80,274
Postage	1,112	556	1,112	2,780
Professional services	15,597	15,597	-	31,194
Repairs and maintenance	238,835	26,537	-	265,372
Salaries and employee benefits	625,196	69,466	-	694,662
Security	73,630	-	-	73,630
Staff and board education	744	744	-	1,488
Social services	1,592,123	-	-	1,592,123
Supplies - housekeeping	45,479	-	-	45,479
Telephone	5,331	941	-	6,272
Transportation	8,610	957	-	9,567
Utilities	82,948	9,216	-	92,164
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	2,991,438	195,832	1,112	3,188,382
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation	206,776	22,975	-	229,751
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ <u>3,198,214</u>	\$ <u>218,807</u>	\$ <u>1,112</u>	\$ <u>3,418,133</u>

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

OZANAM INN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 71,570
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation	229,751
Interest reinvested in mutual fund	(17,149)
Net appreciation on investments	(41,857)
Investment expenses	8,262
Changes in operating assets and liabilities:	
Decrease in grant receivables	46,585
Net cash provided in operating activities	<u>297,162</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of investments	<u>400,000</u>
Net cash provided by investing activities	<u>400,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on notes payable	<u>(546,893)</u>
Net cash used in financing activities	<u>(546,893)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	150,269
Beginning cash and cash equivalents	<u>44,927</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 195,196</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Noncash investing activities:	
Purchase of investments through reinvestment of interest earned	\$ <u>(17,149)</u>
Increase in investments through appreciation	\$ <u>41,857</u>
Cash paid for interest	\$ <u>33,827</u>

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

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

ORGANIZATION:

Ozanam Inn (the Inn) is a nonprofit organization that was incorporated on March 1, 1955, which derives its income from public donations, grants, and investment income. All funds received, net of amounts required for operating expenses, are used for the charitable purpose to aid, assist, and provide refuge for homeless, transient, and indigent men and women.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting and Financial Statement Presentation:

The Inn prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Inn follows the provisions of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958 established the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. It requires the classification of resources into two classes of net assets based on the absence or existence of donor-imposed restrictions. These two classifications are defined as follows:

Net Assets without donor restrictions – Net assets which are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Inn. These net assets may be used at the discretion of the Inn’s management and the Board of Directors.

Net Assets with donor restrictions – Net assets which are subject to donor-imposed restrictions that may or will be met by action of the Inn and/or the passage of time. This category also includes net assets which are subject to donor-imposed restrictions that are required to be maintained permanently by the Inn. Generally, the donors of these assets permit the Inn to use all or part of the income earned on any related investments for general or specific purposes.

Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category such as salaries and wages, benefits, payroll taxes, professional services, office expenses, interest, insurance, and miscellaneous, are allocated on the basis of estimates of time and effort.

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

The Inn receives grants from governmental entities as well as contributions from individuals. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt.

The Inn accounts for contributions received as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence and nature of any donor-imposed restrictions. When a donor restriction expires, when a stipulated time restriction ends or a purpose restriction is met, the Inn reclassifies the net assets with donor restrictions to net assets without donor restrictions and reports these net assets as released from restrictions in the Statement of Activities. The Inn chooses to report restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Government grants are recorded as revenues in the period the Inn meets the conditions for revenue recognition, namely when reimbursable program expenses have been incurred for the purposes specified by the grants. To the extent amounts received exceed amounts spent, the Inn records the excess as advances from government.

The Inn receives conditional grant funds from the United States Department of Housing and Urban Development passed through the City of New Orleans and Unity of Greater New Orleans and from the United States Department of Treasury passed through the City of New Orleans. The conditional grants are reported as revenue when qualifying expenses are incurred. Any conditional grant funds received in which the performance has not been met is reported as refundable advances in the statement of financial position. There were no refundable advances for conditional grants for the year ended September 30, 2025, as all of the federal pass-through grants are cost-reimbursable grants.

Method Used to Value Investments:

Mutual fund investments are valued at fair market value based on the Inn's ownership percentage of the mutual fund's fair value.

Income Taxes:

The Inn qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, is exempt from federal income taxes, except for unrelated business

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes: (Continued)

income. There was no unrelated business income during the year. The Inn's tax filing, Form 990, is subject to examination by the IRS, generally for three years after it is filed.

Statement of Cash Flows:

For purposes of the cash flow statement, the Inn has defined cash equivalents as investments purchased with an original maturity of three months or less.

The Inn paid \$33,827 in loan interest and \$-0- in income taxes for the year ended September 30, 2025.

Grants Receivable:

Grants receivable are recognized in the period earned and consists of amounts due from various granting agencies for grants and cost reimbursement programs. These amounts are presented at fair value and management estimates that all are collectible.

Property and Equipment:

Purchased property and equipment is recorded at cost. Property and equipment acquired by donation is recorded at fair market value as of the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restriction. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restriction. The Inn capitalizes property and equipment purchases and donations over \$5,000 and expenses those under \$5,000. Depreciation is computed over the asset's estimated useful life using the straight-line method.

Estimated useful lives of property and equipment are as follows:

Vehicles	5 - 7 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 7 years
Buildings and improvements	5 - 39 years

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributed Nonfinancial Assets:

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. There were no nonfinancial assets contributed to the Inn during the year ended September 30, 2025.

2. INVESTMENTS:

The Inn invests in a Catholic Foundation quasi-contributed mutual fund. Interest earned on the fund is reinvested. The Inn can make withdrawals as needed from the mutual fund to cover operating costs. For the year ended September 30, 2025, the Inn earned \$17,149 in interest and had a net appreciation of \$41,857. The ending balance of the Inn’s investment in the mutual fund was \$540,051 at September 30, 2025.

At September 30, 2025, the fair value of the Inn’s investments and related activity were as follows:

	2025
Investments - beginning of year	\$ 889,307
Net investment income	50,744
Withdrawals	(400,000)
Investments - end of year	\$ 540,051

Investment revenues are reported net of related external and direct internal investment expenses. The following schedule summarizes the net investment income reported in the statement of activities:

	2025
Interest reinvested in mutual fund	\$ 17,149
Net appreciation	41,857
Investment expenses	(8,262)
Net investment income	\$ 50,744

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

3. CONCENTRATION OF CREDIT RISK:

The cash balances in bank accounts owned by the Inn are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At September 30, 2025, the Inn had \$46,422 in demand deposits (bank balances) not covered by FDIC insurance and exposed to credit risk.

4. RETIREMENT PLAN:

The Inn participates in a 401(k) retirement plan administered by the Roman Catholic Church of the Archdiocese of New Orleans. Employees who work at least 20 hours per week are eligible to contribute up to 16% of their gross salary not to exceed federal tax law limitations. The Inn matches dollar for dollar on the first 3.5% of elective deferrals. For the year ended September 30, 2025, the Inn's total contributions were \$33,116.

5. FAIR VALUE MEASUREMENTS:

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Observable inputs, such as unadjusted quoted prices in active markets, for substantially identical assets and liabilities.
- Level 2 – Observable inputs other than quoted prices within Level 1 for similar assets and liabilities. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. If the asset or liability has a specified or contractual term, the input must be observable for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs that are supported by little or no market activity, generally requiring a significant amount of judgment by management. The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments of the Inn are held in pooled assets managed by the Catholic Foundation. The values of the Inn's investments in this pool are based on information provided by the Catholic Foundation. These investments are classified within Level 2 of the fair value hierarchy.

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

5. FAIR VALUE MEASUREMENTS: (Continued)

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Further, although the Inn believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Inn's investments are reported at fair value in the accompanying statement of financial position.

<u>September 30, 2025</u>	<u>Fair Value</u>	<u>Level 2</u>
Mutual fund	<u>\$ 540,051</u>	<u>\$ 540,051</u>

6. COMPENSATED ABSENCES:

Employees of the Inn are entitled to paid personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Inn's policy is to recognize the costs of compensated absences when paid to employees.

7. USE OF ESTIMATES:

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

8. CONCENTRATION OF REVENUE SOURCES:

The Inn receives the majority of its revenue from Federal grants, donations, and fundraising activities. The current level of the Inn's operations may be impacted or discontinued if the funding from these sources is reduced significantly.

9. NET ASSETS RELEASED FROM RESTRICTIONS:

During the year ended September 30, 2025, the Inn satisfied donor-imposed restrictions associated with a prior-year restricted grant in the amount of \$80,000 obtained for the purposes of an HVAC repair & maintenance project. Upon completion of the project, \$80,000 of net assets with donor restrictions was released and reclassified to net assets without donor restrictions.

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

10. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>10/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2025</u>
<u>Property and Equipment:</u>				
Furniture and fixtures	\$ 302,393	\$ -	\$ -	\$ 302,393
Building and improvements	5,198,461	-	-	5,198,461
Kitchen equipment	157,908	-	-	157,908
Office equipment	31,484	-	-	31,484
Vehicles	242,986	-	-	242,986
Total property and equipment	5,933,232	-	-	5,933,232
Less: accumulated depreciation	(867,569)	(229,751)	-	(1,097,320)
Total property and equipment, net of depreciation	<u>\$ 5,065,663</u>	<u>\$ (229,751)</u>	<u>\$ -</u>	<u>\$ 4,835,912</u>

Depreciation expense for the year ended September 30, 2025 was \$229,751.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Inn's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditures in the following year:

	<u>2025</u>
Financial assets:	
Cash and cash equivalents	\$ 195,196
Mutual fund	540,051
Grants receivable	137,113
Total financial assets	<u>872,360</u>
Less amounts unavailable for general expenditures within one year:	<u>-</u>
Financial assets available to meet cash needs for expenses for one year	<u>\$ 872,360</u>

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

12. CAPITAL CAMPAIGN:

During the year ended September 30, 2020, the Inn began a capital campaign to raise funds to cover the renovation costs of a new facility. The Inn obtained grants and loans to cover the additional costs of the building purchase and renovation. During the year ended September 30, 2025, the Inn received \$514,854 in donations towards the campaign and incurred no fundraising expenses related to the campaign. Through the year ended September 30, 2025, the Inn has received a total of \$3,017,103 in contributions and incurred \$176,898 in fund raising expenses related to the capital campaign. Funds in excess of campaign contributions have been spent on planning, construction, and moving costs related to the new facility. The Inn continues to pursue capital campaign contributions to be used to pay down the principal balance of a loan obtained to complete the renovation of the new facility.

13. LONG-TERM DEBT:

On December 23, 2020, the Inn entered into a loan agreement with Fidelity Bank for the purpose of paying for renovation costs of a new facility. The loan can be drawn to a maximum of \$2,000,000 and matured on December 23, 2025. Interest is calculated on unpaid principal balances using a rate of 4.85% per annum. The loan is due on demand. If no demand is made, the loan is due in six monthly payments of interest only, followed by 53 monthly principal and interest payments of \$11,518 beginning July 23, 2021, with one final principal and interest payment of the remaining unpaid balance due on December 23, 2025. Interest expense on the loan for the year ended September 30, 2025 was \$33,827. The outstanding balance of the loan at September 30, 2025 was \$280,694.

During the year ended September 30, 2026, this loan agreement was extended for an additional three months with a new maturity date of March 23, 2026. Under the new agreement, the note shall be paid in 3 monthly payments of interest only with a final payment of all principal and unpaid interest due March 23, 2026. The change in maturity date and addition of three interest payments are the only changes to the terms of the original agreement.

This loan is due on demand, therefore, the remaining balance is shown as a current liability on the statement of financial position.

On December 17, 2020, the Inn entered into a loan agreement with the City of New Orleans for a forgivable loan in the amount of \$3,000,000, with an interest rate of 0% per annum. The loan proceeds were designated for the acquisition of a new facility as part of a shelter expansion. The loaned funds were awarded through the Community Development Block Grant (CDBG) - Coronavirus, Aid, Relief and Economic Security (CARES) Act from the U.S. Department of Housing and Urban Development (HUD) appropriations, with the purpose of developing viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

OZANAM INN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

13. LONG-TERM DEBT: (Continued)

The loan will be forgiven in full after the Inn satisfies compliance requirements of residing in the facility for a minimum of ten years from the date of occupancy (November 1, 2021) and continues to operate the facility providing permanent supportive housing. The full amount of the loan award was used during the year ended September 30, 2021, and is included as federal expenditures on the Statement of Expenditures of Federal Awards. The balance of the loan will be reported as a liability until the ten-year compliance requirement has been met. The outstanding balance of the loan at September 30, 2025 was \$3,000,000.

Future minimum note payments at September 30, 2025 are as follows:

2026	\$ 280,694
2027	-
2028	-
2029	-
2030	-
Thereafter	<u>3,000,000</u>
Total	<u>\$ 3,280,694</u>

14. LINE OF CREDIT:

In August 2025, the Inn entered into a \$200,000 revolving line of credit agreement with Fidelity Bank to support short-term operating needs. The line of credit is collateralized by the mortgage or deed of trust on the Inn’s building. Interest is payable monthly on outstanding balances at a rate equal to 1.00% over the *Wall Street Journal* Prime Rate. The effective rate at September 30, 2025 was 8.25%. All outstanding principal and unpaid accrued interest are due on March 22, 2026.

There were no borrowings on the line of credit during fiscal year 2025 or during fiscal year 2026 through the date of the independent auditor’s report.

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 26, 2026, which is the date the financial statements were available to be issued.

OZANAM INN
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Agency Head: Renée Blanche
Position: Chief Executive Officer

Salary	\$ 101,561
Benefits - medical, dental and life insurance	13,000
Cell phone allowance	<u>1,200</u>
Total	<u><u>\$ 115,761</u></u>



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

February 26, 2026

Board of Directors
Ozanam Inn
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ozanam Inn (the Inn) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, 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 February 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ozanam Inn'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 Inn's internal control. Accordingly, we do not express an opinion on the effectiveness of the Inn's internal control.

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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 the Inn's financial statements are free from 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 Inn's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Metairie, Louisiana



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

February 26, 2026

Board of Directors
Ozanam Inn
New Orleans, LA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ozanam Inn's 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 Ozanam Inn's major federal program for the year ended September 30, 2025. Ozanam Inn's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ozanam Inn complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended September 30, 2025.

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*,

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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 Ozanam Inn and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Inn'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 Ozanam Inn'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 Ozanam Inn'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 accounting 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 Inn'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 Ozanam Inn'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 Ozanam Inn’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 Inn’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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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


Metairie, Louisiana

OZANAM INN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Emergency Solutions Grant (ESG) Program:			
Passed through the City of New Orleans			
Emergency Shelter Operations	14.231	ESG36F	\$ 183,948
Total Emergency Solutions Grant Program			<u>183,948</u>
Continuum of Care Program:			
Passed through Unity of Greater New Orleans			
Home for Good – Permanent Housing	14.267	LA0252L6H032207	23,902
Home for Good – Permanent Housing	14.267	LA0252L6H032308	681,913
Problem Solving for Coordinated Entry	14.267	LA0277L6H032307	50,326
Problem Solving for Coordinated Entry	14.267	LA0277L6H032408	8,302
Rapid Rehousing to Reduce Homelessness	14.267	LA0359L6H032304	445,957
Total Continuum of Care Program			<u>1,210,400</u>
Community Development Block Grants (CDBG) / Entitlements Grants Cluster:			
Passed through the City of New Orleans			
Shelter Expansion Loan – Cares Act – COVID-19	14.218	CDBG-CV0I	3,000,000
Total Community Development Block Grants / Entitlements Grants Cluster			<u>3,000,000</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 4,394,348</u>
<u>U.S. Department of Treasury</u>			
American Rescue Plan Act (ARPA)			
Passed through the City of New Orleans			
Shelter Support Program – COVID-19	21.019	SLT-1835 / SLT-7352	237,835
Total American Rescue Plan Act			<u>237,835</u>
Total U.S. Department of Treasury			<u>\$ 237,835</u>
Total financial awards - current			\$ 4,632,183
Prior year loan with continuing compliance requirements			<u>(3,000,000)</u>
Total Expenditures of Federal Awards			<u>\$ 1,632,183</u>

See accompanying notes to schedule of expenditures of federal awards.

OZANAM INN
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ozanam Inn under programs of the federal government for the year ended September 30, 2025. 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 Inn, it is not intended to and does not present the financial position, changes in net assets, or cash flow of Ozanam Inn.

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. INDIRECT COST RATE:

The Inn has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS:

There were no awards passed through to subrecipients.

5. LOAN(S) WITH CONTINUING COMPLIANCE REQUIREMENTS:

As disclosed in note 12 to the financial statements, the forgivable loan with continuing compliance requirements bears interest of 0% in the amount of \$3,000,000 payable to the City of New Orleans (the City). The loan was allocated by the City utilizing Community Development Block Grant (CDBG) - Coronavirus, Aid, Relief and Economic Security (CARES) Act funds designated for the expansion of the Inn's shelter and was used towards the purchase of a new facility. The full amount of the loan award was used during the year ended September 30, 2021, and is included as federal expenditures on the Statement of Expenditures of Federal Awards as assistance listing #14.218. The loan will be forgiven in full after the Inn satisfies compliance by owning and operating the facility as a public facility homeless shelter for a minimum of ten years from the date of occupancy (November 1, 2021). At September 30, 2025, the balance of the loan remained at \$3,000,000 and will continue to be reported as a liability and included on the Inn's schedule of expenditures of federal awards until the ten-year compliance service period has concluded.

OZANAM INN
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Noncompliance with laws and regulations noted? Yes No

Management letter was issued? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance with the
 Major Federal award program: *Unmodified*

Any audit findings disclosed that are required to be
 reported in accordance with Uniform Guidance,
 Title 2 U.S. Code of Federal Regulations (CFR)
 Section 200.516(a): Yes No

The Inn had one major program as follows:

	<u>Assistance Listing No.</u>	<u>Federal Expenditures</u>
Continuum of Care Program	14.267	\$ <u>1,210,400</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee: Yes No

OZANAM INN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED
GOVERNMENTAL AUDITING STANDARDS

None.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None.

OZANAM INN
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

PRIOR YEAR FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY
ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None.

OZANAM INN

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL YEAR OCTOBER 01, 2024
THROUGH SEPTEMBER 30, 2025

OZANAM INN

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THROUGH SEPTEMBER 30, 2025

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL YEAR OCTOBER 01, 2024 THROUGH SEPTEMBER 30, 2025

February 26, 2026

Board of Directors
Ozanam Inn and
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2024 through September 30, 2025. The Ozanam Inn's management is responsible for those C/C areas identified in the SAUPs.

Ozanam Inn 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 the LLA's SAUPs for the fiscal period October 01, 2024 through September 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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1) Collections (excluding electronic funds transfers)

- A. **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. **Procedure:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** 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. Randomly select two deposits from each of the 5 bank accounts selected. *Alternatively, the*

practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

- A. **Procedure:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** For each location selected under procedure #2A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: Upon applying the agreed-upon procedures above, it was noted that the employee responsible for processing payments is also responsible for mailing the payments.

Managements Response: Because of the size of the Inn, there is limited staff available to perform these duties. Therefore, responsibility for mailing the payments has remained with the finance manager.

- C. **Procedure:** For each location selected under procedure #2A above, obtain the entity's nonpayroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #2B above, as applicable.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure:** Select the entity's main operating account and after judgmentally selecting one month during the fiscal period, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

- A. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: Upon applying the agreed-upon procedures above, it was noted that for two of the five credit cards tested, the review and approval was documented by the authorized cardholder.

Management's Response: Due to the Inn's small staff size, the CEO currently reviews and approves her own credit card statement as part of routine operations. At the present time, no other employee has sufficient authority or knowledge of the transactions to perform this review procedure.

- C. **Procedure:** Using the monthly statements or combined statements selected under procedure #3B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No findings noted as a result of applying the above agreed-upon procedures.

4) *Payroll and Personnel*

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

Results: No findings noted as a result of applying the above agreed-upon procedures.

- B. **Procedure**: Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #4A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- C. **Procedure**: Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Results: No findings noted as a result of applying the above agreed-upon procedures.

- D. **Procedure**: 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) have been paid, and any associated forms have been filed, by required deadlines.

Results: No findings noted as a result of applying the above agreed-upon procedures.

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

We are required to be independent of the Ozanam Inn 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 results 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 Louisiana Legislative Auditor as a public document.



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