**REGINA COELI CHILD DEVELOPMENT CENTER**

**FINANCIAL STATEMENTS**

**MAY 31, 2022**

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

# REGINA COELI CHILD DEVELOPMENT CENTER

## FINANCIAL STATEMENTS

## MAY 31, 2022

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P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

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 accompanying financial statements of Regina Coeli Child Development Center (the Center), a nonprofit organization, which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Regina Coeli Child Development Center as of May 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

*Auditors' Responsibilities for the 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 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 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 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.

Postlethwaite & Netterville

Metairie, Louisiana
January 31, 2023

**REGINA COELI CHILD DEVELOPMENT CENTER**
**ROBERT, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**
**MAY 31, 2022 AND 2021**

**ASSETS**

| | 2022 | 2021 |
|---|---|---|
| **CURRENT ASSETS:** | | |
| Cash and cash equivalents | $ 725,649 | $ 497,247 |
| Grants receivable | 969,502 | 930,483 |
| Prepaid expenses and other assets | - | 2,107 |
| Total current assets | 1,695,151 | 1,429,837 |
| **PROPERTY AND EQUIPMENT:** | | |
| Land | 999,658 | 999,658 |
| Buildings | 11,669,310 | 11,276,752 |
| Leasehold improvements | 2,522,434 | 2,503,239 |
| Vehicles | 1,303,137 | 1,451,905 |
| Equipment | 1,408,231 | 1,079,318 |
| | 17,902,770 | 17,310,872 |
| Less: accumulated depreciation | (8,128,260) | (7,482,297) |
| Total property and equipment, net | 9,774,510 | 9,828,575 |
| Total assets | $ 11,469,661 | $ 11,258,412 |

**LIABILITIES AND NET ASSETS**

| | 2022 | 2021 |
|---|---|---|
| **CURRENT LIABILITIES:** | | |
| Accounts payable and accrued expenses | $ 1,304,548 | $ 1,429,691 |
| Notes payable, current portion | 509,833 | 539,601 |
| Total current liabilities | 1,814,381 | 1,969,292 |
| **LONG-TERM LIABILITIES:** | | |
| Notes payable, net of current portion | 196,836 | 267,128 |
| Total long-term liabilities | 196,836 | 267,128 |
| Total liabilities | 2,011,217 | 2,236,420 |
| **NET ASSETS:** | | |
| Without donor restrictions | 9,458,444 | 9,021,992 |
| Total liabilities and net assets | $ 11,469,661 | $ 11,258,412 |

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, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| **REVENUES WITHOUT DONOR RESTRICTIONS:** | | |
| Contributions - grants | $ 19,179,958 | $ 19,676,192 |
| Contributions - goods and services | 91,013 | 176,760 |
| Contributions - other | 68,617 | 57,740 |
| Other income | 56,221 | 71,860 |
| Total revenues without donor restrictions | 19,395,809 | 19,982,552 |
| **EXPENSES:** | | |
| Program | 16,690,131 | 16,660,534 |
| Management and general | 2,269,226 | 2,133,901 |
| Total expenses | 18,959,357 | 18,794,435 |
| **CHANGE IN NET ASSETS** | 436,452 | 1,188,117 |
| **NET ASSETS AT BEGINNING OF YEAR** | 9,021,992 | 7,833,875 |
| **NET ASSETS AT END OF YEAR** | $ 9,458,444 | $ 9,021,992 |

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 |
| Food costs | 517,000 | 1,358 | 518,358 |
| Other supplies | 220,968 | 229,312 | 450,280 |
| Depreciation | 702,924 | 78,103 | 781,027 |
| Travel | 204,077 | 25,603 | 229,680 |
| Consultants | 2,360 | 153,887 | 156,247 |
| Educational supplies | 265,571 | 555 | 266,126 |
| Other | 162,609 | 65,386 | 227,995 |
| Training | 277,393 | 2,858 | 280,251 |
| 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**

**STATEMENT OF FUNCTIONAL EXPENSES**
**YEAR ENDED MAY 31, 2021**

| | Program | Management and General | Total |
|---|---|---|---|
| Personnel | $ 10,724,352 | $ 1,050,874 | $ 11,775,226 |
| Fringe benefits | 2,018,080 | 234,186 | 2,252,266 |
| Occupancy | 1,134,340 | 206,889 | 1,341,229 |
| Food costs | 714,021 | 1,321 | 715,342 |
| Other supplies | 343,429 | 253,765 | 597,194 |
| Depreciation | 605,848 | 67,316 | 673,164 |
| Travel | 160,846 | 22,118 | 182,964 |
| Consultants | 7,115 | 157,334 | 164,449 |
| Educational supplies | 525,841 | - | 525,841 |
| Other | 136,340 | 85,361 | 221,701 |
| Training | 202,064 | 5,592 | 207,656 |
| Insurance | 42,290 | 32,087 | 74,377 |
| Interest | 25,586 | 17,058 | 42,644 |
| Loss on disposal of assets | 20,382 | - | 20,382 |
| Total | $ 16,660,534 | $ 2,133,901 | $ 18,794,435 |

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, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Change in net assets | $ 436,452 | $ 1,188,117 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Loss on disposal of property and equipment | 1,645 | 20,382 |
| Depreciation | 781,027 | 673,164 |
| Changes in operating assets and liabilities: | | |
| Gants receivable | (39,019) | (367,657) |
| Decrease in prepaid expenses and other assets | 2,107 | - |
| Increase in accounts payable and accrued expenses | (38,421) | 51,772 |
| Net cash provided by operating activities | 1,143,791 | 1,565,778 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchases of property and equipment | (826,179) | (1,599,138) |
| Proceeds from the sale of property and equipment | 10,850 | - |
| Net cash used in investing activities | (815,329) | (1,599,138) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Principal payments on notes payable | (100,060) | (122,424) |
| Net cash used in financing activities | (100,060) | (122,424) |
| Net change in cash and cash equivalents | 228,402 | (155,784) |
| Cash, cash equivalents, and restricted cash, beginning of year | 497,247 | 653,031 |
| Cash, cash equivalents, and restricted cash, end of year | $ 725,649 | $ 497,247 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid during the year for interest expense | $ 36,023 | $ 42,644 |
| Change in accounts payable for property and equipment | $ (86,722) | $ (162,009) |

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 Center provided services to approximately 1,600 children during the years ended May 31, 2022 and 2021. 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, 2022 and 2021, the Center had no revenues or net assets with donor restrictions.

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)

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 2022 or 2021.

Grants, Contributions, and Revenue Recognition

The Organization 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 Organization 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 Organization 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, 2022 or 2021.

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

Grants, Contributions, and Revenue Recognition (continued)

As of May 31, 2022, the Organization 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 $2,890,000 has not been recognized as revenue as the Organization has not incurred the qualifying expenditures to seek reimbursement. As of May 31, 2021, the Organization was awarded grants of approximately $21,000,000 which were conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. As of May 31, 2021, approximately $2,990,000 was not recognized as revenue as the Organization had not incurred the qualifying expenditures to seek reimbursement. The Organization recognized approximately $690,000 of grant revenues from prior year awards during the fiscal year ended May 31, 2022.

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.

In-Kind Contributions

In-kind contributions 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 were no donor-imposed restrictions associated with the donated services and assets during 2022 or 2021.

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 reported using current hourly rates for similar services. 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.

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:

| | 2022 | 2021 |
|---|---|---|
| Personnel | $ 27,573 | $ 108,584 |
| Occupancy | - | 31 |
| Supplies/Food | 63,240 | 45,370 |
| Rental of facilities | - | 900 |
| Transportation | - | 1,281 |
| Other services | 200 | 20,594 |
| Total | $ 91,013 | $ 176,760 |

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

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.

Accounting Pronouncements Issued But Not Yet Effective

In September 2020, the FASB issued ASU 2020-07, "Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in- kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in- kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. The Center has elected to delay implementation of this standard. Thus, the Center will adopt this standard in the fiscal year ended May 31, 2023.

In February 2016, the FASB issued ASU No. 2016-02, "Leases." This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. FASB issued an optional delay in this standard upon issuance of ASU 2020-05. The Center has elected to delay implementation of this standard. Thus, the Center will adopt this standard in the fiscal year ended May 31, 2023.

The Center's management is currently assessing the impact of these pronouncements on the financial statements.

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.

## 2. Liquidity and Availability

The Center receives approximately 99% of its funding 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:

| | 2022 | 2021 |
|---|---|---|
| Financial assets at year end: | | |
| Cash and cash equivalents | $ 725,649 | $ 497,247 |
| Grants receivable | 969,502 | 930,483 |
| Financial assets available to meet general expenditures over the next twelve months | $ 1,695,151 | $ 1,427,730 |

## 3. Grants Receivable

Grants receivable at May 31 consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| Federal Grants | | |
| Head Start Program | $ 645,106 | $ 793,715 |
| Child Care Food Program | 324,396 | 136,768 |
| Total | $ 969,502 | $ 930,483 |

## 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, 2022 and 2021, $350,489 and $464,176, 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:

| | 2022 | 2021 |
|---|---|---|
| 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. | $ 211,691 | $ 244,175 |
| 6.00% Mortgage payable to an individual, secured by real estate, due in monthly installments of $3,575 through October 2023. | 60,697 | 98,506 |
| 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 subsequent to year end. | 434,281 | 464,048 |
| Total notes payable | 706,669 | 806,729 |
| Less: current portion | (509,833) | (539,601) |
| Total long-term notes payable, net | $ 196,836 | $ 267,128 |

Principal payments on notes payable required in future years as of May 31, 2022, are as follows:

| Year | Amount |
|---|---|
| 2023 | $ 509,833 |
| 2024 | 59,315 |
| 2025 | 41,089 |
| 2026 | 43,137 |
| 2027 | 45,288 |
| Thereafter | 8,007 |
| Total | $ 706,669 |

The Center's credit agreements require certain covenants to be met at the end of each fiscal year. As of May 31, 2022 and 2021, the Center was not in compliance with a requirement of one note payable related to the timing of financial reporting. The Center did not obtain a waiver for this requirement. As a result, the mortgage payable in the amount of $434,281 and $464,048 has been presented as a current liability in the financial statements for the fiscal years ended May 31, 2022 and 2021, respectively. The amount due at May 31, 2022 was also presented as a current liability because the lump sum final payment is due within one year.

## 6. Operating Leases

The Center has multi-year commitments related to lease agreements for space rental for certain facilities. Total lease expense included in occupancy expense in the accompanying financial statements for obligations under these leases was $102,957 and $105,173 for the years ended May 31, 2022 and 2021, respectively. Annual lease commitments required in future years as of May 31, 2022, are as follows:

| Year | Amount |
|---|---|
| 2023 | $ 74,000 |
| 2024 | 54,500 |
| 2025 | 10,000 |
| Total | $ 138,500 |

## 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 can be made as of May 31, 2022 and 2021.

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, 2022 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, 2022 and 2021.

**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. Additional temporary funding related to COVID-19 of approximately $1.2 million in 2021. Additional awards of approximately $2.5 million have been made.

**11. Subsequent Events**

As described in Note 5, the Center made a final payment on one of its notes payable subsequent to May 31, 2022. Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 31, 2023, and determined that no additional events occurred that require 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, 2022**

**Agency Head: Josalyn B. Robinson, Executive Director**

| **Purpose:** | **Amount** |
|---|---|
| Salary | $ 120,556 |
| Benefits – life insurance | 39 |
| Benefits – medical insurance | 5,769 |
| Payroll taxes | 9,124 |
| Conference travel | 1,215 |
| Cell phone reimbursement | 270 |
| Total | $ 136,973 |

See independent auditors' report.

**REGINA COELI CHILD DEVELOPMENT CENTER**

**SINGLE AUDIT REPORT**

**MAY 31, 2022**

Postlethwaite & Netterville
*A Professional Accounting Corporation*
pncpa.com

# REGINA COELI CHILD DEVELOPMENT CENTER

## SINGLE AUDIT REPORT

## MAY 31, 2022

# C O N T E N T S

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

# 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 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.

Postlethwaite & Netterville

**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 instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

**The Center's Response to Findings**

The Center's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

Postlethwaite & Netterville

Metairie, Louisiana
January 31, 2023

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

*A Professional Accounting Corporation*

# 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 each of the Center's major federal programs for the year ended May 31, 2022. The Center's major federal programs are 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 each of its major federal programs for the year ended May 31, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of 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 each 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.

***Other Matter***

The results of our auditing procedures disclosed an other instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Center's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Postlethwaite & Netterville

**Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2022-002 to be a significant deficiency. 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Center's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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, 2022, and have issued our report thereon dated January 31, 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.

P&N
Postlethwaite & Netterville

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.

Postlethwaite & Netterville

Metairie, Louisiana
January 31, 2023

**REGINA COELI CHILD DEVELOPMENT CENTER**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**YEAR ENDED MAY 31, 2022**

| 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 | $ 614,196 |
| COVID-19: Child Care Food Program | 10.558 | N/A | 139,297 |
| Total Child Care Food Program | | | 753,493 |
| **U.S. Department of Health and Human Services** | | | |
| Direct: | | | |
| Head Start/Early Head Start | 93.600 | 06CH010949-03<br>06CH010949-02 | 16,401,324 |
| COVID-19: Head Start/Early Head Start | 93.600 | 06CH010949-02-02 | 37,500 |
| Early Head Start Expansion | 93.600 | 06HP000077-04 | 1,315,005 |
| COVID-19: Head Start CRRSA and ARP | 93.600 | 06HE000401-01C5<br>06HE000401-01C6 | 672,636 |
| Total Head Start Cluster | 93.600 | | 18,426,465 |
| Total Federal Grants | | | $ 19,179,958 |

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, 2022**

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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. There were no federal awards passed through to other agencies during the year.

3. **Community Facilities Loans**

As of May 31, 2022, Regina Coeli Child Development Center had a loan outstanding to the U.S. Department of Agriculture as follows:

| | |
|---|---|
| Livingston Center | $ 211,691 |

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, 2022, 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, 2022.

**REGINA COELI CHILD DEVELOPMENT CENTER**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED MAY 31, 2022**

## (A) Summary of Auditors' Results

*Financial Statements*

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

*Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | Yes |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings which are required to be reported in accordance with Uniform Guidance? | Yes |
| Identification of major programs: | |
| U.S. Department of Health and Human Services<br>Head Start / Early Head Start / Early Head Start Expansion | 93.600 |
| U.S. Department of Agriculture<br>Child Care Food Program | 10.558 |
| 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

### 2022-001 Non-Compliance with State Audit Law

| | |
|---|---|
| Criteria: | In accordance with R.S. 24:513, any local auditee that receives $500,000 or more in revenues and other sources in any one fiscal year shall be audited annually. The due date of the audit report is six months after the agency's fiscal year end. |
| 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. |
| Cause: | The Center's fiscal year 2022 reporting was delayed to the events in the prior fiscal year which delayed the filing of the May 31, 2021 financial statements. |
| 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. |
| Recommendation: | The Center should ensure year-end close out procedures are done timely to allow sufficient time for the auditor to complete procedures in accordance with the State of Louisiana Audit Law. |

*View of Responsible Official and Planned Corrective Action*

The Center concurs with the finding. The Center received an extension from the Louisiana Legislative Auditor through January 31, 2023 and the extended deadline has been met. The Center has added staffing and engaged a third-party accountant to assist with the month end and year end closing adjustments. The Center has implemented procedures to ensure year end close out procedures are performed in a timely manner.

**(C) Findings and Questioned Costs Relating to Federal Awards**

**Major Federal Program: U.S. Department of Health and Human Services – Head Start (Assistance Listing Number 93.600)**

**Grant Numbers: 06CH010949-01, 06CH010949-02, 06CH010949-02-02, 06HP000077-03-00, 06HP00007703C3**

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

| | |
|---|---|
| Criteria: | In accordance the Uniform Guidance and the terms and conditions of the federal award agreement, the Center is required to obtain approval for disposition of personal or real property that has been acquired or improved with a federal award. |
| 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. |
| Universe of Population: | There were three assets disposed of during the fiscal year totaling a net book value of $13,703. |
| Cause: | The Center's personnel did not follow up with the federal awarding agency to request appropriate approval for the disposition of property. The Center's personnel in charge of this reporting was aware of the requirement, but did not request appropriate approval for these dispositions. |
| Effect: | The Center is not in compliance with the regulations requiring appropriate approval for the disposition of property. |
| Questioned Costs: | For the purposes of this finding, the questioned costs are not determined. |
| Identification of a Repeat Finding: | This is a repeat finding of #2021-004 in the prior year report. |
| Recommendation: | The Center should implement procedures to ensure that future dispositions of property obtain appropriate approval from federal awarding agencies. |

*View of Responsible Official and Planned Corrective Action*

The Center concurs with the finding. The Center has implemented procedures to ensure approval for disposition of property acquired with federal funds. New personnel have been hired who are being adequately trained with regard to this process.

**REGINA COELI CHILD DEVELOPMENT CENTER**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED MAY 31, 2022**

**2021-001 Internal Control over Financial Reporting**

Condition: The Center's control policies and procedures did not include timely reconciliation and review of several key financial statement areas. During our audit, we noted many accounts that required adjustment in order for them to properly reflect account balances at the end of the fiscal year. These included cash, property and equipment, debt, and revenue. This is a repeat finding.

Effect: The Center has a material weakness in their internal control over financial reporting. During the audit process, the Center hired a third party accountant who proposed material adjustments in order to correct the fiscal year end balances.

Status: This finding is resolved.

**2021-002 Non-Compliance with State Audit Law**

Condition: The Center was required to have an annual audit completed by the filing of November 30, 2021 (six months after its fiscal year end). The Center requested and was granted a disaster/emergency extension by the Louisiana Legislative Auditor under the provisions of Louisiana Revised Statute 29:724(B)(1) through February 28, 2022. However, the Center did not meet this filing deadline.

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: A similar finding is repeated in the current year at 2022-001.

**2021-003 Non-Compliance with Timely Submission of Audit Report to the Federal Audit Clearinghouse**

Condition: The Center did not meet the extended August 31, 2022 deadline for reporting to the Federal Audit Clearinghouse.

Effect: The Center is not in compliance with the Uniform Guidance requirement to submit the audit to the Federal Audit Clearinghouse by August 31, 2022.

Status: Subsequent to the 2021 audit, the Center submitted the fiscal year 2021 audit to the Federal Audit Clearinghouse. The Center anticipates being in compliance with this filing requirement for the fiscal year ended May 31, 2022.

**2021-004 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 property (vehicles) with a net book value of $27,634 and did not obtain appropriate approval from the awarding agency for this disposition. |
| Effect: | The Center is not in compliance with the Uniform Guidance requirement to request appropriate approval for the disposition of property. |
| Status: | A similar finding is repeated in the current year at 2022-002. |

Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

*A Professional Accounting Corporation*

The Board of Directors
Regina Coeli Child Development Center
Robert, Louisiana

In planning and performing our audit of the financial statements of Regina Coeli Child Development Center (a nonprofit organization) (the Center) as of and for the year ended May 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency of the Center. We reported on the Center's internal control in our report dated January 31, 2023. This letter does not affect our report dated January 31, 2023, on the financial statements of the Center.

Our recommendation is summarized in Appendix A, which also contains management's response to the current year recommendation.

This communication is intended solely for the information and use of the Board, management, and others within the Center, and is not intended to be, and should not be, used by anyone other than these specified parties.

Postlethwaite & Netterville

Metairie, Louisiana
January 31, 2023

## CURRENT YEAR RECOMMENDATION AND MANAGEMENT'S RESPONSE

**2022-001**

In testing the Center's compliance with requirements of the Head Start award in accordance with Uniform Guidance, we noted that the submission of the Federal Financial Report (FFR) were late for three of the five reports filed during the fiscal year. The Center should enhance its internal controls to ensure the Federal Financial Reports will be submitted in the required time frame.

*Management's Response*
The Center concurs with the observation. The Center has enhanced its internal controls to ensure the Federal Financial Reports are submitted in the required time frame.

# REGINA COELI CHILD DEVELOPMENT CENTER

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

# FOR THE YEAR ENDED MAY 31, 2022

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

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30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

*A Professional Accounting Corporation*

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

To Board of Directors 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, 2021 through May 31, 2022. 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, 2021 through May 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures 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 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 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.

Postlethwaite & Netterville

Metairie, Louisiana
January 30, 2023

Schedule A

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 25 "we performed the procedure and discussed the results with management."* If not, then a description of the exception ensues.

## *A - Written Policies and Procedures*

1. 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):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

   *No exception noted.*

   b) ***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 has written policies and procedures for Purchasing; however, they do not contain attribute (2) how vendors are added to the vendor list.*

   c) ***Disbursements***, including processing, reviewing, and approving

   *No exception noted.*

   d) ***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.*

   e) ***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(s) rate of pay or approval and maintenance of pay rate schedules.

   *No exception noted.*

   f) ***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 has written policies for Contracting; however, they do not contain attribute (4) regarding the approval process.*

g) ***Credit Cards (and debit cards, fuel cards, P-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.*

h) ***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.*

i) ***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.

*This step is not applicable for the Entity.*

j) ***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.*

k) ***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 does not have written policies and procedures related to Information Technology Disaster Recovery/Business Continuity.*

l) ***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.*

***B - Board or Finance Committee***

2. 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:

   a) 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.

   *Based on the Entity's bylaws, the Board of Directors shall meet once each month. In performing this procedure, it was noted that the board did not meet in September 2021, December 2021, March 2022, and April 2022.*

b) 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. *Alternately, for those entities reporting on the nonprofit 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.*

*No exception noted for the months in which board meetings were held.*

c) 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.*

## *C - Bank Reconciliations*

3. 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 and included a total of six bank accounts. 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 five bank accounts (one main operating and four haphazardly selected) and obtained the bank reconciliations for the month ending May 31, 2022, resulting in five bank reconciliations obtained and subjected to the below procedures.*

a) 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.*

b) 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.*

c) Bank reconciliations include evidence that a member of management/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

*Of the five bank reconciliations selected for testing, none included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.*

d) 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.*

***D - Collections (excluding electronic funds transfers)***

4. 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.*

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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.*

   a) Employees responsible for cash collections do not share cash drawers/registers.

      *This procedure is not applicable to the Entity.*

   b) Each employee responsible for collecting cash is not 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.*

   c) Each employee responsible for collecting cash is not 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.

      *This procedure is not applicable to the Entity.*

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

      *This procedure is not applicable to the Entity.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced 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.*

Schedule A

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). *Alternately, 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.*

   a) Observe that receipts are sequentially pre-numbered.

      *This procedure is not applicable to the Entity.*

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

      *This procedure is not applicable to the Entity.*

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      *This procedure is not applicable to the Entity.*

   d) Observe 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.*

   e) Trace the actual deposit per the bank statement to the general ledger.

      *This procedure is not applicable to the Entity.*

***E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

8. 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. 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.*

Schedule A

9. For each location selected under #8 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, 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 the processing location selected in procedure #8 was provided. 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.*

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

      *No exception noted.*

   b) At least two employees are involved in processing and approving payments to vendors.

      *No exception noted.*

   c) 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.*

   d) 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.

      *No exception noted.*

10. For each location selected under #8 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 the payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five disbursements and performed the procedures below.*

    a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

       *No exception noted.*

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*For one of the five disbursements selected for our procedures, disbursement documentation did not include evidence of approval of the purchase by a supervisor or someone other than the requestor.*

***F - Credit Cards/Debit Cards/Fuel Cards/P-Cards***

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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. No exceptions were noted as a result of performing this procedure.*

12. 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 five cards (four credit cards and one fuel card) used in the fiscal period. We haphazardly selected one monthly statement for each of the five cards selected and performed the procedures noted below.*

a) 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, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

*No exception noted.*

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

*No exception noted.*

13. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Four of the five cards selected in procedure number #12 were subject to this procedure, as the fuel card was excluded. We haphazardly selected ten transactions for each of these four cards (or all if less than ten transactions) and performed the specified procedures. No exception noted.*

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

14. 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, 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 for the fiscal period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five reimbursements and performed the procedures below.*

    a) If reimbursed using a per diem, observe 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).

       *Of the five reimbursements selected for our procedures, none used a per diem. No exception noted.*

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

       *No exception noted.*

    b) Observe 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 policy (procedure #1h).

       *No exception noted.*

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

       *No exception noted.*

***H - Contracts***

15. 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. *Alternately, 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. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five contracts and performed the procedures below.*

    *a)* 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.*

b) 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.*

c) If the contract was amended (e.g., change order), observe 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, was approval documented).

*None of the five contracts selected for testing had contract amendments during the fiscal year. Thus, this procedure could not be performed.*

d) 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 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 #15 and performed the specified procedures. No exception noted.*

## *I - Payroll and Personnel*

16. 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. 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 exceptions noted.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 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 #16.*

a) Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

*No exception noted.*

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exception noted.*

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

*No exception noted.*

d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exception noted.*

18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*A listing of employees/officials receiving termination payments during the fiscal period was provided. 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 exceptions noted.*

19. 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.*

***J - Ethics***

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

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

a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

***K - Debt Service***

21. 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 State Bond Commission approval was obtained for each bond/note issued.

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

22. 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. 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.*

***L - Fraud Notice***

23. 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.

    *A listing of misappropriations of public funds and assets during the fiscal period was provided, which noted no such misappropriations. No exceptions were noted as a result of performing this procedure.*

24. 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.*

***M - Information Technology Disaster Recovery/Business Continuity***

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

       *We performed the procedure and discussed the results with management.*

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

       *We performed the procedure and discussed the results with management.*

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*A listing of computers currently in use was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected five computers in use and performed the specified procedures. No exception noted.*

***N - Sexual Harassment***

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

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

27. Observe 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.*

28. 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 it includes the applicable requirements of R.S. 42:344:

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

    a) Number and percentage of public servants in the agency who have completed the training requirements;

    b) Number of sexual harassment complaints received by the agency;

    c) Number of complaints which resulted in a finding that sexual harassment occurred;

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

    e) Amount of time it took to resolve each complaint.

**REGINA COELI CHILD DEVELOPMENT CENTER**
**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN**
**MAY 31, 2022**

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:

***A - Written Policies and Procedures***

We will revise our Fiscal Policies and Procedures to include vendor additions and changes guidance and contract approval process. We will draft a written policy to address debt service. We have systems in place to protect servers and information technology, including use of a contractor to test and maintain servers. We will draft written policies and procedures detailing current practices.

***B - Board or Finance Committee***

We will meet with the Board to consider revising the bylaws of the organization.

***C - Bank Reconciliations***

Bank reconciliations are currently reviewed by the Financial Controller. We will ensure documentation is maintained that bank reconciliations are reviewed by management.

***E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

We have revised our Fiscal Policies and Procedures to include vendor additions and changes guidance.

We will train our staff to ensure purchasing/procurement procedures are followed as stated in the Fiscal Policies and Procedures document.