EASTER SEALS LOUISIANA, INC.

Audits of Financial Statements

June 30, 2024 and 2023

LAPORTE
CPAs & BUSINESS ADVISORS

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Independent Auditor's Report

To the Board of Directors
Easter Seals Louisiana, Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Easter Seals Louisiana, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024 on our consideration of the Organization's internal control over financial reporting and 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 Organization'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 Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 14, 2024

EASTER SEALS LOUISIANA, INC.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash Used for Operations	**$ 734,982**	$ 650,526
Cash Equivalents Designated for Endowment	**5,758,689**	6,549,208
Accounts Receivable, Net	**1,775,001**	1,672,830
Prepaid Expenses and Deposits	**61,455**	137,392
Right-of-Use Assets, Operating Leases	**1,607,661**	1,008,286
Right-of-Use Assets, Financing Leases	**173,955**	209,862
Investments - Board-Designated	**4,418,266**	3,993,130
Unemployment Services Trust	**83,550**	65,753
Beneficial Interest in Asset Held by Others	**8,296**	8,296
Goodwill	**45,962**	53,033
Property, Furniture, and Equipment, Net	**1,632,556**	1,663,943
Total Assets	**$ 16,300,373**	$ 16,012,259
Liabilities		
Accounts Payable	**$ 109,441**	$ 39,756
Accrued Expenses	**19,777**	297,266
Operating Lease Liabilities	**1,631,311**	1,020,585
Financing Lease Liabilities	**169,238**	208,257
Total Liabilities	**1,929,767**	1,565,864
Net Assets		
Net Assets Without Donor Restrictions		
Undesignated	**4,193,651**	3,904,057
Board-Designated	**10,176,955**	10,542,338
Total Net Assets	**14,370,606**	14,446,395
Total Liabilities and Net Assets	**$ 16,300,373**	$ 16,012,259

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

EASTER SEALS LOUISIANA, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024	2023
Support and Revenue		
Program Revenue		
Case Management	**7,621,937**	$ 8,325,224
Mental Health Services	**1,517,878**	1,439,882
System Point of Entry (SPOE)	**1,122,102**	1,136,958
Housing Services	**3,116,813**	2,450,013
Applied Behavioral Services	**580,727**	400,895
Tuition Revenue	**481,850**	437,588
Contributions and Other Revenue		
Contributions	**179,330**	113,577
Net Bingo Income	**371,846**	553,114
Rental Income	**49,850**	73,880
Special Events	**44,098**	49,194
Miscellaneous	**60,310**	10,858
Net Investment Return	**669,639**	476,471
Total Support and Revenue	**15,816,380**	15,467,654
Expenses		
Program Services		
Case Management	**6,390,864**	5,772,865
Mental Health Services	**1,527,039**	2,113,052
System Point of Entry (SPOE)	**1,019,660**	1,045,441
Housing Services	**3,167,348**	2,005,790
Applied Behavior Services and Tuition	**1,227,710**	1,127,302
Supporting Services		
Management and General	**1,881,599**	1,755,475
Development, Marketing, and Fundraising	**677,949**	734,463
Total Expenses	**15,892,169**	14,554,388
Change in Net Assets	**(75,789)**	913,266
Net Assets, Beginning of Year	**14,446,395**	13,533,129
Net Assets, End of Year	**$ 14,370,606**	$ 14,446,395

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services					
	Case Management	Housing Services	Mental Health Services	Applied Behavior Analysis Services and Tuition	System Point of Entry	Total Program Services
Salaries and Employee Benefits	$ 5,408,797	$ 1,257,030	$ 1,146,563	$ 1,057,173	$ 787,494	$ 9,657,057
Professional Fees and Contracted Services	78,784	59,154	38,972	72,389	14,329	263,628
Supplies	87,643	200,880	33,800	31,069	26,963	380,355
Telecommunications	90,758	30,767	22,975	7,495	21,953	173,948
Postage and Shipping	18,408	-	1,039	-	9,931	29,378
Occupancy	221,136	887,523	156,704	13,851	101,812	1,381,026
Equipment Rent and Maintenance	137,352	26,160	25,340	13,023	16,494	218,369
Printing, Publications, and Media	180	2,300	26	-	-	2,506
Travel and Transportation	157,943	17,301	17,804	8	18,837	211,893
Conferences and Meetings	2,472	668	2,052	-	922	6,114
Specific Assistance	-	605,229	-	-	-	605,229
Insurance	3,456	1,689	-	-	-	5,145
Provision for Credit Losses	24,071	-	41,750	8,584	-	74,405
Miscellaneous	70,635	33,967	19,397	6,845	6,663	137,507
Directors and Officers Insurance	50,778	25,627	11,425	9,887	8,127	105,844
Depreciation and Amortization	38,451	19,053	9,192	7,386	6,135	80,217
Interest Expense - Finance Leases	-	-	-	-	-	-
Total Functional Expenses	6,390,864	3,167,348	1,527,039	1,227,710	1,019,660	13,332,621
National Membership Dues	-	-	-	-	-	-
Total Functional Expenses with National Membership Dues	$ 6,390,864	$ 3,167,348	$ 1,527,039	$ 1,227,710	$ 1,019,660	$ 13,332,621

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024 (Continued)

	Supporting Services			
	Management and General	**Development, Marketing, and Fundraising**	**Total Supporting Development, Services**	**Total**
Salaries and Employee Benefits	$ 1,298,851	$ 257,690	$ 1,556,541	$ 11,213,598
Professional Fees and Contracted Services	233,844	88,993	322,837	586,465
Supplies	26,475	234,303	260,778	641,133
Telecommunications	13,640	722	14,362	188,310
Postage and Shipping	1,062	-	1,062	30,440
Occupancy	70,602	78,619	149,221	1,530,247
Equipment Rent and Maintenance	40,816	5,848	46,664	265,033
Printing, Publications, and Media	-	-	-	2,506
Travel and Transportation	42,691	75	42,766	254,659
Conferences and Meetings	20,394	100	20,494	26,608
Specific Assistance	-	-	-	605,229
Insurance	-	-	-	5,145
Provision for Credit Losses	-	-	-	74,405
Miscellaneous	47,172	2,171	49,343	186,850
Directors and Officers Insurance	14,304	5,349	19,653	125,497
Depreciation and Amortization	11,003	4,079	15,082	95,299
Interest Expense - Finance Leases	7,707	-	7,707	7,707
Total Functional Expenses	1,828,561	677,949	2,506,510	15,839,131
National Membership Dues	53,038	-	53,038	53,038
Total Functional Expenses with National Membership Dues	$ 1,881,599	$ 677,949	$ 2,559,548	$ 15,892,169

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services					
	Case Management	Housing Services	Mental Health Services	Applied Behavior Analysis Services and Tuition	System Point of Entry	Total Program Services
Salaries and Employee Benefits	$ 4,833,049	$ 742,227	$ 1,430,145	$ 894,317	$ 794,544	$ 8,694,282
Professional Fees and Contracted Services	92,671	66,061	43,782	103,159	14,966	320,639
Supplies	99,566	192,941	48,561	56,226	35,310	432,604
Telecommunications	71,449	26,199	27,659	6,243	20,855	152,405
Postage and Shipping	14,782	317	4,137	-	11,525	30,761
Occupancy	228,548	373,693	352,055	14,047	88,168	1,056,511
Equipment Rent and Maintenance	142,785	26,512	23,152	12,057	39,862	244,368
Printing, Publications, and Media	-	-	3,835	-	-	3,835
Travel and Transportation	51,280	7,181	30,872	190	2,717	92,240
Conferences and Meetings	2,565	-	1,999	-	18	4,582
Specific Assistance	-	522,894	10,000	-	-	532,894
Insurance	55,229	20,325	7,078	3,460	7,436	93,528
Provision for Credit Losses	72	-	76,924	25,779	3,214	105,989
Miscellaneous	159,418	19,987	45,246	7,635	22,941	255,227
Auditing Fees	-	-	-	-	-	-
Depreciation and Amortization	21,451	7,453	7,607	4,189	3,885	44,585
Interest Expense - Finance Leases	-	-	-	-	-	-
Total Functional Expenses	5,772,865	2,005,790	2,113,052	1,127,302	1,045,441	12,064,450
National Membership Dues	-	-	-	-	-	-
Total Functional Expenses with National Membership Dues	$ 5,772,865	$ 2,005,790	$ 2,113,052	$ 1,127,302	$ 1,045,441	$ 12,064,450

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

EASTER SEALS LOUISIANA, INC.
Statement of Functional Expenses (Continued)
For the Year Ended June 30, 2023

	Supporting Services			
	Management and General	Development, Marketing, and Fundraising	Total Supporting Development, Services	Total
Salaries and Employee Benefits	$ 1,124,828	$ 270,794	$ 1,395,622	$ 10,089,904
Professional Fees and Contracted Services	173,839	55,869	229,708	550,347
Supplies	63,112	269,015	332,127	764,731
Telecommunications	11,435	663	12,098	164,503
Postage and Shipping	1,362	780	2,142	32,903
Occupancy	19,561	105,233	124,794	1,181,305
Equipment Rent and Maintenance	102,716	5,056	107,772	352,140
Printing, Publications, and Media	-	-	-	3,835
Travel and Transportation	39,609	195	39,804	132,044
Conferences and Meetings	28,191	54	28,245	32,827
Specific Assistance	-	-	-	532,894
Insurance	19,710	9,660	29,370	122,898
Provision for Credit Losses	-	-	-	105,989
Miscellaneous	58,169	14,415	72,584	327,811
Auditing Fees	-	-	-	-
Depreciation and Amortization	48,918	2,729	51,647	96,232
Interest Expense - Finance Leases	6,499	-	6,499	6,499
Total Functional Expenses	1,697,949	734,463	2,432,412	14,496,862
National Membership Dues	57,526	-	57,526	57,526
Total Functional Expenses with National Membership Dues	$ 1,755,475	$ 734,463	$ 2,489,938	$ 14,554,388

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

EASTER SEALS LOUISIANA, INC.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	$ (75,789)	$ 913,266
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	95,299	96,232
Provision for Credit Losses	74,405	105,989
Net Realized and Unrealized (Gain) on Investments	(284,794)	(250,796)
(Increase) Decrease in Operating Assets		
Accounts Receivable	(176,576)	(15,704)
Prepaid Expenses and Deposits	75,937	(56,105)
Right-of-Use Assets, Operating Leases	390,686	332,531
Unemployment Services Trust	(17,797)	11,347
Increase (Decrease) in Operating Liabilities		
Accounts Payable	69,685	(37,802)
Accrued Expenses	(277,489)	122,806
Operating Lease Liabilities	(377,698)	(320,930)
Deferred Revenue	-	(31,558)
Net Cash (Used in) Provided by Operating Activities	(504,131)	869,276
Cash Flows from Investing Activities		
Purchases of Property, Furniture, and Equipment	(15,092)	-
Purchases of Investments	(993,047)	(1,147,174)
Proceeds from Sales of Investments	852,705	1,017,510
Net Cash Used in Investing Activities	(155,434)	(129,664)
Cash Flows from Financing Activities		
Principle Payments on Finance Leases	(46,498)	(43,590)
Net Cash Used in Financing Activities	(46,498)	(43,590)
Net (Decrease) Increase in Cash and Cash Equivalents	(706,063)	696,022
Cash and Cash Equivalents, Beginning of Year	7,199,734	6,503,712
Cash and Cash Equivalents, End of Year	$ 6,493,671	$ 7,199,734
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	$ 7,707	$ 6,499
Non-Cash Investing and Financing Activities		
Recognition of Right-of-Use Assets, Operating Leases Under ASC 842	$ 995,903	$ 1,341,515
Operating Lease Liabilities Arising from Obtaining Right-of-Use Assets	$ 990,060	$ 1,341,515
Financing Lease Liabilities Arising from Obtaining Right-of-Use Assets	$ 5,843	$ 252,545

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

EASTER SEALS LOUISIANA, INC.
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2024 and 2023

The following table provides a reconciliation of cash and board-designated cash equivalents reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	2024	2023
Cash Used for Operations	**$ 734,982**	$ 650,526
Cash Equivalents Designated for Endowment	**5,758,689**	6,549,208
Total Cash and Designated Cash Equivalents Shown in the Statements of Cash Flows	**$ 6,493,671**	$ 7,199,734

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

Note 1. Nature of Activities

Easter Seals Louisiana, Inc. (the Organization), is a non-profit, community-based healthcare agency organized under the laws of the State of Louisiana. The mission of the Organization is to help children and adults with disabilities, and their families, obtain, and effectively utilize resources necessary to lead more independent and purposeful lives. The Organization maintains services that create an acceptance toward people with disabilities through the following programs:

Case Management - Assists individuals with intellectual and developmental disabilities across the lifespan and adults with behavioral health issues to access needed services and become as independent as possible.

Housing Services - Provides various housing services, including housing to individuals and families that have mental health needs, time-limited rental assistance to people with mental health conditions who are experiencing homelessness, affordable rental housing to individuals with multifaceted needs, and transitional living for people who are experiencing homelessness who would benefit from shared living community.

Mental Health Services - Teaches and reinforces skills for participants to remain in the community living independently. Mental Health Services includes case management and skills training focused on addressing functional deficits related to chronic, severe behavioral health issues. These services are provided primarily in the community including the participant's home, community resources, and other community locations by utilizing an advanced practice registered nurse for psychiatric evaluations and medication management and licensed counselors for assessments and counseling services.

Applied Behavior and Analysis Tuition - Implements applied behavior analysis by working to increase functional communication, adaptive behaviors, and social skills, while reducing challenging behaviors, to make a life of independence and purpose possible for children and adults with Autism.

System Point of Entry - Identifies, evaluates, and supports infants and toddlers, ages birth to three, who have a developmental delay or developmental disability.

Note 2. Summary of Significant Accounting Policies

Organization and Income Taxes

The Organization is a non-profit corporation organized under the laws of the State of Louisiana in 1951. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of Louisiana Revised Statute (R.S.) 47:121(5).

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities*. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization has no net assets with donor restrictions.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Use of Estimates

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

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Accounts Receivable

The Organization provides services under contracts entered into with various state and federal agencies. Accounts receivable include amounts billed under these contracts and amounts due from patients for services provided.

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

A major portion of the accounts receivable balances as of June 30, 2024 and 2023 is from the Louisiana Department of Health. For 2022, management determined the allowance for doubtful accounts based upon prior experience and its assessment of the collectability of specific accounts. The Organization performed ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. At June 30, 2023, management determined that there was no allowance for doubtful accounts necessary.

After adoption of FASB ASC 326-20 *Financial Instruments - Credit Losses* on July 1, 2023, management determines the allowance using an estimate of expected credit losses, applied to customer groupings with similar risk characteristics, based on historical experience, current economic conditions and certain forward-looking information. Account balances are written-off against the established allowance when management determines it is probable the receivable will not be collected. As of June 30, 2024, the total allowance recorded for credit losses was $78,183.

Accounts receivable from contracts with customers totaled $1,853,184, $1,672,830, and $1,763,115 as of June 30, 2024, 2023, and 2022, respectively.

Investments

In accordance with FASB ASC Topic, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, the Organization carries all investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

Revenue Recognition

The Organization accounts for a contract with a client when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, the contract has commercial substance, and collection is probable.

Revenue is recognized when, or as, control of a promised service transfers to a client, in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring those services.

If the consideration promised in a contract includes a variable amount, the Organization estimates the amount to which it expects to be entitled using the most-likely-amount method. The Organization only includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

The Organization's standard billing terms are that payment is due upon receipt of invoice, payable within 30 - 60 days. Invoices are generally issued monthly when services are rendered.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization maintains programs and services that create an acceptance toward people with disabilities through the following: Camperships, Support Coordination (Case Management), Mental Health Services, and Early Intervention Services. The Organization also hosts bingo events as part of its fundraising activity.

For support coordination, contracts typically require the completion of a defined service per month, and billing for completed services is based on actual amounts. The Organization typically satisfies the performance obligation and recognizes revenue at a point in time. Revenues obtained through such arrangements are typically billed and recognized monthly, after the service has been delivered. This results in revenue recognition that corresponds with the value to the client of the services transferred to date.

Under Case Management contracts, the Organization is contracted by the State of Louisiana through its designee for the initial coordination of the Early Steps Program, an early intervention program. The Organization is reimbursed for allowable costs incurred as services are incurred and costs are submitted. While management determined that performance obligations related to this service are satisfied over time, the services are typically billed as incurred, which is within four weeks of the service being provided. Management therefore elected to utilize the right to invoice practical expedient, where an entity is allowed to recognize revenue as invoiced, if the entity's right to payment is for an amount that corresponds directly with the value to the customer.

Revenues from bingo fundraiser events are recognized at a point in time, which is the date at which the event took place. This results in revenue recognition that corresponds with the value to the client of the services transferred to date.

Property, Furniture, and Equipment

Property, furniture, and equipment are recorded at cost. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments of $1,000 or greater are capitalized. Depreciation is computed on the straight-line method over the estimated useful life of each asset which ranges from three to thirty years. Donated property is recorded at its fair market value at the date of donation.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is present when the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. During the years ended June 30, 2024 and 2023, there were no impairment losses recognized for long-lived assets.

Note 2. Summary of Significant Accounting Policies (Continued)

Goodwill

On January 1, 2021, the Organization entered into an asset purchase agreement (see Note 8). The Organization has classified as goodwill the excess of the purchase price over fair value of assets acquired. In accordance with accounting alternatives offered to nonpublic companies for the recognition and measurement of goodwill, the Organization has elected not to recognize separately from goodwill any intangible assets relating to (a) customer-related intangible assets unless they are capable of being sold or licensed independently from other assets of a business or (b) non-competition agreements. The Organization has also elected to amortize goodwill over ten years on the straight-line basis and only evaluate goodwill for impairment when a triggering event occurs. There was no impairment for the years ended June 30, 2024 and 2023.

Allocated Expenses

The costs of providing the various programs and supporting services are summarized in the statements of functional expenses, which present the natural classification detail of expenses by function. Certain expenses have been allocated among the programs and supporting services benefitted based on management's estimates of the costs involved (see Note 14).

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense in the statements of activities and changes in net assets.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or July 1, 2023, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election to utilize a risk-free rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Note 2. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Recent Accounting Pronouncements - Adopted

On July 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 and all subsequent ASUs that modified ASU 2016-13, which have been codified under ASC 326, *Financial Instruments - Credit Losses*. The Organization adopted this guidance using the modified retrospective approach, as required, and has not adjusted prior period comparative information and will continue to disclose prior period financial information in accordance with previous accounting guidance. Adoption of ASC 326 to the estimate of the allowance for credit losses was insignificant.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

Note 3. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization manages its cash available to meet general expenditures by:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets
- Maintaining sufficient reserves to provide reasonable assurance of sustainability
- Having a line of credit available for times of unforeseen events or delays in payment of receivables by resource providers

Note 3. Liquidity and Availability (Continued)

Assets not available to meet general expenditures within one year of the statements of financial position date include amounts in nonspendable form and assets subject to internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

The following table reflects the Organization's financial assets available to meet general expenditures within one year of the statements of financial position as of June 30, 2024 and 2023:

	2024	2023
Cash Used for Operations	$ 734,982	$ 650,526
Accounts Receivable, Net	1,775,001	1,672,830
Total Financial Assets	**$ 2,509,983**	$ 2,323,356

Note 4. Investments

Investments are summarized as follows at June 30, 2024 and 2023:

2024	**Cost**	**Fair Market Value**
Common Stocks	**$ 765,445**	**$ 1,080,812**
Preferred Stocks	**43,256**	**41,866**
Equity Mutual Funds	**1,457,335**	**1,697,896**
Corporate Bonds	**427,528**	**415,176**
Bond Mutual Funds	**1,236,184**	**1,182,516**
Total	**$ 3,929,748**	**$ 4,418,266**

2023	Cost	Fair Market Value
Common Stocks	$ 727,590	$ 1,048,162
Preferred Stocks	43,526	41,014
Equity Mutual Funds	1,357,043	1,326,560
Corporate Bonds	419,891	396,344
Bond Mutual Funds	1,256,332	1,181,050
Total	$ 3,804,382	$ 3,993,130

Note 5. Unemployment Services Trust

The Organization self-insures for unemployment expenses via the Unemployment Services Trust (the Trust). The Trust balance per contract would be fully refunded to the Organization upon payment of all outstanding unemployment claims. The balance of the Trust is based on the gross balance of the account less an estimate of actual claims. The net recorded balance as of June 30, 2024 and 2023 was $83,550 and $65,753, respectively.

Note 6. Beneficial Interest in Asset Held by Others

During the year ended June 30, 2015, the Organization was made aware of a gift annuity contract entered into by a donor wherein the Organization is to receive 75% of the remainder. As of June 30, 2024 and 2023, the balance estimated to be received by the Organization was $8,296, shown as beneficial interest in asset held by others on the statements of financial position.

Note 7. Property, Furniture, and Equipment

The following is a summary of property, furniture, and equipment at June 30, 2024 and 2023:

	2024	2023
Land	**$ 1,175,000**	$ 1,175,000
Building	**415,000**	415,000
Office Equipment	**253,450**	253,450
Improvements	**136,167**	136,167
Furniture and Fixtures	**69,488**	54,396
Total Property, Furniture, and Equipment	**2,049,105**	2,034,013
Less: Accumulated Depreciation	**(416,549)**	(370,070)
Property, Furniture, and Equipment, Net	**$ 1,632,556**	$ 1,663,943

Depreciation expense was $46,749 and $46,478 for the years ended June 30, 2024 and 2023, respectively.

Note 8. Goodwill

On January 1, 2021, the Organization acquired certain assets of Canal Hall Bingo Operations in a business combination. Amortization expense was $7,071 during the years ended June 30, 2024 and 2023.

Goodwill amortization expense for future years is as follows:

Year Ending June 30,	Amount
2025	$ 7,071
2026	7,071
2027	7,071
2028	7,071
2029	7,071
Thereafter	10,607
Total	$ 45,962

Note 9. Line of Credit

The Organization has a $500,000 revolving bank line of credit. Interest is payable at the prime rate, plus 1.25% points, with a floor of 8.50%. The interest rate was 9.75% and 9.50% as of June 30, 2024 and 2023, respectively. All unpaid interest and principal are due on maturity, April 12, 2025. The loan is secured with receivables and property, furniture, and equipment. There was no outstanding balance on the line of credit as of June 30, 2024 and 2023.

Note 10. Net Assets

As further explained in Note 11, a portion of the unrestricted net assets has been designated by the Board of Directors to be used for specific purposes. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes and are used as an aid in planning future expenditures and investing. Information regarding the components of unrestricted net assets at June 30, 2024 and 2023 is as follows:

	2024	2023
Undesignated Net Assets	**$ 4,193,651**	$ 3,904,057
Designated for Endowment	**10,176,955**	10,542,338
Total Net Assets	**$ 14,370,606**	$ 14,446,395

Note 11. Board-Designated Endowments

In May 2013, an endowment fund was established by the Board of Directors in the form of investments with the purpose of providing perpetual financial support to the Organization. As required by FASB ASC 958, *Not-For-Profit Entities*, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions imposed by a donor. The funds in the investment portfolio are not anticipated to be utilized for the daily operations of the Organization, and as such, are invested over a long-term investment horizon. The endowment fund uses a total return-based spending policy, which means that it will fund distributions from net investment return, net realized capital gains, and proceeds from the sale of investments. A distribution of fund assets is permitted to the extent that such distributions do not exceed a level that would erode the portfolio's real assets over time. As of June 30, 2024 and 2023, no appropriations have been made from the endowment.

In June 2021, a second endowment fund was established by the Board of Directors in the form of investments with the purpose of providing perpetual financial support to the Organization. As required by FASB ASC 958, *Not-For-Profit Entities*, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions imposed by a donor. The funds in the investment portfolio are not anticipated to be utilized for the daily operations of the Organization, and as such, are invested over a long-term investment horizon. The endowment fund uses a total return-based spending policy, which means that it will fund distributions from net investment return, net realized capital gains, and proceeds from the sale of investments. A distribution of fund assets is permitted to the extent that such distributions do not exceed a level that would erode the portfolio's real assets over time. As of June 30, 2024, no appropriations have been made from the endowment.

The two endowment funds have the same investment strategy, which is to provide for capital appreciation over the long-term, deploying a moderate growth investment objective. The portfolios are managed in a way that reflects an above average risk tolerance and the ability to accept higher levels of volatility while seeking to achieve annual returns of 5% to 8% above the rate of inflation. In order to accomplish this, the investment manager is instructed to invest the portfolio using an allocation of both equities and fixed income securities. With regard to equity securities held in the portfolio, the investment manager is not restricted in its selection of securities. However, the Organization retains the right to request the divestiture of any security it may find objectionable. With regard to fixed income securities, securities which are deemed suitable for the portfolio will be of investment grade and represent obligations of the U.S. Government or its agencies and/or domestic corporations.

Note 11. Board-Designated Endowments (Continued)

To implement the investment strategy outlined above, the investment manager will invest the portfolio as follows:

Asset Class	Strategic %	Minimum	Maximum
Cash and Cash Equivalents	5%	0%	5%
Fixed Income	30%	20%	50%
Equities	65%	50%	80%

Endowment fund net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

June 30, 2024	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Endowment Net Assets**
Board-Designated Endowment Fund	**$ 10,176,955**	**$ -**	**$ 10,176,955**
Total	**$ 10,176,955**	**$ -**	**$ 10,176,955**

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Board-Designated Endowment Fund	$ 10,542,338	$ -	$ 10,542,338
Total	$ 10,542,338	$ -	$ 10,542,338

Note 11. Board-Designated Endowments (Continued)

Changes in endowment fund net assets for the years ended June 30, 2024 and 2023 were as follows:

June 30, 2024	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Endowment Net Assets**
Net Assets, Beginning of Year	**$ 10,542,338**	**$ -**	**$ 10,542,338**
Released from Designation	**(1,035,022)**	**-**	**(1,035,022)**
Net Investment Return	**669,639**	**-**	**669,639**
Net Assets, End of Year	**$ 10,176,955**	**$ -**	**$ 10,176,955**

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Net Assets, Beginning of Year	$ 8,777,863	$ -	$ 8,777,863
New Board Designations	1,288,004	-	1,288,004
Net Investment Return	476,471	-	476,471
Net Assets, End of Year	$ 10,542,338	$ -	$ 10,542,338

Note 12. Fair Value Measurements

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. FASB ASC Topic 820 establishes a fair value hierarchy which prioritizes inputs to the valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data (observable inputs) or they may be internally developed (unobservable inputs). The fair value hierarchy prioritizes the inputs to the valuation techniques used to measure fair value into three broad categories. These categories include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 12. Fair Value Measurements (Continued)

The market approach is used for valuing common stocks, equity mutual funds, and bond mutual funds, which are all classified within Level 1 of the fair value hierarchy. The remainder of the Organization's investment portfolio consists of corporate bonds, which may not trade on a daily basis. Corporate bonds are generally valued based upon quoted market prices from brokers and dealers, which represent fair value, and are classified within Level 2, or Level 1 if a more active market exists for the bond.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value are comprised of the following as of June 30, 2024 and 2023:

	Total Assets Measured at Fair Value	**Level 1**	**Level 2**	**Level 3**
Common Stocks	**$ 1,080,812**	**$ 1,080,812**	**$ -**	**$ -**
Preferred Stocks	**41,866**	**41,866**	**-**	**-**
Equity Mutual Funds	**1,697,896**	**1,697,896**	**-**	**-**
Corporate Bonds	**415,176**	**415,176**	**-**	**-**
Bond Mutual Funds	**1,182,516**	**1,182,516**	**-**	**-**
Total	**$ 4,418,266**	**$ 4,418,266**	**$ -**	**$ -**

	Total Assets Measured at Fair Value	Level 1	Level 2	Level 3
Common Stocks	$ 1,048,162	$ 1,048,162	$ -	$ -
Preferred Stocks	41,014	41,014	-	-
Equity Mutual Funds	1,326,560	1,326,560	-	-
Corporate Bonds	396,344	396,344	-	-
Bond Mutual Funds	1,181,050	1,181,050	-	-
Total	$ 3,993,130	$ 3,993,130	$ -	$ -

Note 13. Significant Contracts and Grants

For the years ended June 30, 2024 and 2023, approximately $8,203,000 and $8,726,000, respectively, of contract revenue was from the State of Louisiana Department of Health acting as a Medicaid fiscal intermediary, and approximately $1,122,000 and $1,137,000, respectively, of contract revenue was from the State of Louisiana Department of Health acting as a pass-through entity for federal grants. The State of Louisiana (the State) provides annual contracts to the Organization which grant the State the right to audit program accounts and activities. The State, acting as the Medicaid intermediary for Medicaid patients, reimburses services rendered to Medicaid program beneficiaries under an allowable cost reimbursement formula that is subject to audit and retroactive adjustments. Management believes that the Organization is in compliance with the provisions of these contracts and grants and that the findings of an audit, if any, would not have a material impact on the financial statements.

Note 14. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expense accounts that are allocated are insurance and depreciation. Allocation for these accounts is pro-rata based on functional expense totals before insurance and depreciation.

Note 15. Leases

The Organization leases property and equipment from various outside parties under several lease agreements, including:

- Office facilities under operating lease agreements maturing between 2026 and 2035.
- Office equipment under finance lease agreements, maturing between 2027 and 2028.
- Facilities and equipment on an month to month basis. All such rental agreements are treated as short-term leases under the practical expedient.

Note 15. Leases (Continued)

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended June 30, 2024:

		2024		2023
Operating Leases Costs	**$**	**411,832**	$	354,126
Financing Lease Cost - Amortization of Right-of-Use Assets		**46,498**		42,684
Financing Lease Cost - Interest on Lease Liabilities		**7,707**		6,499
Short-Term Lease Costs		**660,757**		686,751
Total Lease Costs	**$**	**1,126,794**	$	1,090,060

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Supplemental information related to leases is as follows as of June 30, 2024 and 2023:

	2024	2023
Weighted-Average Remaining Lease Term (Years)		
Operating Leases	**6.40**	3.43
Finance Leases	**3.00**	3.81
Weighted-Average Discount Rate		
Operating Leases	**4.13%**	2.88%
Finance Leases	**4.13%**	2.88%

Note 15. Leases (Continued)

Future undiscounted cash flows for each of the next five years and a reconciliation to the lease liabilities on the statement of financial position are as follows for June 30, 2024:

Year Ending June 30,	Operating Leases	Finance Leases
2025	$ 401,302	$ 59,838
2026	414,341	59,838
2027	253,526	51,855
2028	178,282	7,893
2029	118,152	169
Thereafter	491,835	-
Total Lease Payments	1,857,438	179,593
Less: Inputed Interest	(226,127)	(10,355)
Less: Current Portion	(342,780)	(54,179)
Lease Liabilities, Net of Current Portion	$ 1,288,531	$ 115,059

Note 16. Pension Plan

The Organization sponsors a defined contribution profit-sharing plan covering substantially all employees of the Organization who have one year of eligible service. The plan provided for contributions by the Organization equal to 2% of eligible compensation for each eligible employee for the years ended June 30, 2024 and 2023. The Organization incurred contribution expense of $138,054 and $144,687 for the years ended June 30, 2024 and 2023, respectively.

Note 17. Concentrations of Credit Risk

The Organization periodically maintains cash in bank accounts in excess of the insured limit of $250,000 provided for by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. At June 30, 2024 and 2023, the Organization held approximately $6.6 million and $7.1 million, respectively, in excess of FDIC limits.

Investments are exposed to various risks such as interest rate, market, and credit risks. Future changes in financial markets could affect the value of the investment securities and future earnings of the Organization.

Note 18. Related-Party Transactions

The Organization is affiliated with Easter Seals, Inc. (Easter Seals) and pays an annual membership fee. For the years ended June 30, 2024 and 2023, the fee was $53,038 and $57,526, respectively. Easter Seals provides supplies for certain campaigns and charges the Organization for those supplies. Easter Seals also remits to the Organization contributions collected on behalf of the Organization. There was $-0- due to the Organization as of June 30, 2024 and 2023.

Note 19. Risk Management

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the years ended June 30, 2024 and 2023.

Note 20. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 21. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 14, 2024, and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

EASTER SEALS LOUISIANA, INC.
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2024

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statements of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Tracy Garner, Chief Executive Officer

Purpose	Compensation and Benefits Funded by Use of Public Funds
Salary	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Cell and Data Plan	$0
Car Allowance	$0
Vehicle Provided by Government	$0
Per Diem	$0
Reimbursements	$0
Mileage	$0
Registration Fees	$0
Conference Travel	$0
Professional Dues/ Memberships	$0
Continuing Professional Education Fees	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0

See independent auditor's report.

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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*

Independent Auditor's Report

To the Board of Directors
Easter Seals Louisiana, Inc.

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 Easter Seals Louisiana, Inc. (the Organization) (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2024.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that we not identified.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 14, 2024

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors
Easter Seals Louisiana, Inc.

Opinion on Each Major Federal Program

We have audited Easter Seals Louisiana, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

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

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

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

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 14, 2024

EASTER SEALS LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-Through Entity/ Program Title	Assistance Listing Number	Pass-Through Award Number	Federal Expenditures
United States Department of Housing and Urban Development			
Direct			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant	14.218	N/A	$ 142,155
Community Development Block Grant - SOAR	14.218	N/A	17,999
Total CDBG - Entitlement Grants Cluster			160,154
Continuum of Care - Pathways	14.267	N/A	246,845
Continuum of Care - ICE	14.267	N/A	617,537
Continuum of Care - Monroe	14.267	N/A	207,682
Continuum of Care - Baton Rouge	14.267	N/A	439,114
Continuum of Care - New Orleans Survivors	14.267	N/A	134,207
Continuum of Care - Northlake Permanent Supportive Housing	14.267	N/A	73,513
Continuum of Care - Sponsor-Based	14.267	N/A	170,000
Continuum of Care - Unsheltered	14.267	N/A	60,142
Total Continuum of Care			1,949,040
Total United States Department of Housing and Urban Development			2,109,194
United States Department of the Treasury			
Continuum of Care - New Orleans Emergency Rental Assistance Program	21.023	N/A	46,898
Total United States Department of the Treasury			46,898
United States Department of Education			
Passed through the Louisiana Department of Health and Hospitals			
Special Education - Grants for Infants and Families with Disabilities	84.181	2000122759 SPOE R8	578,813
Special Education - Grants for Infants and Families with Disabilities	84.181	2000126731 SPOE R1	543,289
Total Special Education - Grants for Infants and Families			1,122,102
Total United States Department of Education			1,122,102
United States Department of Health and Human Services			
Direct			
Block Grants for Community Mental Health Services			
Peer Center	93.958	N/A	165,840
Florida Parish	93.958	N/A	241,983
Florida Parish Recovery Housing	93.958	N/A	69,854
Total Block Grants for Community Mental Health Services			477,677
Mental Health First Aid	93.243	N/A	84,274
Projects for Assistance in Transition from Homelessness	93.150	N/A	60,073
Total United States Department of Health and Human Services			622,024
Total Expenditures of Federal Awards			$ 3,900,218

See independent auditor's report and notes to schedule of expenditures of federal awards.

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Easter Seals Louisiana, Inc. (the Organization) and is prepared in accordance with the accrual method of accounting. 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).

Payments to Subrecipients

There were no payments to subrecipients for the year ended June 30, 2024.

Note 2. De Minimis Cost Rate

The Organization uses the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

EASTER SEALS LOUISIANA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program
14.267	Continuum of Care

Dollar threshold used to determine Type A Programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

None.

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AGREED-UPON PROCEDURES REPORT

Easter Seals Louisiana, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2023 - June 30, 2024

To the Board of Directors
Easter Seals Louisiana, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2023 through June 30, 2024. Easter Seals Louisiana, Inc.'s (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

   ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

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

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The Organization's policies address all of the functions listed, with the following exceptions: Purchasing policy does not address ii(2) how vendors are added to the vendor list and ii(3) the preparation and approval process of purchase requisitions and purchase orders. Contract policy does not address vi(1) types of services requiring written contracts, vi(2) standard terms and conditions, vi(3) legal review and vi(5) monitoring process.

Management has determined that the debt service policy, ethics policy, and sexual harassment policy are not applicable to the Organization.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were noted as a result of performing these procedures.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

   ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were noted as a result of performing these procedures.

4) Collections (excluding electronic funds transfers)

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

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

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

   ii. Each employee responsible for collecting cash is not also responsible for preparing/ making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/ official is responsible for reconciling ledger postings to each other and to the deposit; and

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

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

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   i. Observe that receipts are sequentially pre-numbered.

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

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

   iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

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

Results: No exceptions were noted as a result of performing these procedures. Sequential pre-numbered receipts are not applicable to the Organization: therefore, procedure D(i) and D(ii) could not be performed.

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

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

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

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

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Results: No exceptions were noted as a result of performing these procedures.

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

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

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported): and

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

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were noted as a result of performing these procedures.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

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

   iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

   Results: No exceptions were noted as a result of performing these procedures.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

   i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

   ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

   iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

   iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

   Results: No exceptions were noted as a result of performing these procedures.

9) Payroll and Personnel

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

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

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

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

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

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

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

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

   Results: No exceptions were noted as a result of performing the procedures included under #9A, #9Bi, #9Bii, #9Biii, #9C, and #9D.

   From the 5 employees or officials selected under procedure #9Biv, LaPorte noted one (1) employee's pay rate paid did not agree to the authorized salary/pay rate found within the personnel file.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

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

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

Results: Ethics procedure testing is not applicable to the Organization.

11) Debt Service

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

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Management has determined that debt service procedure testing is not applicable to the Organization.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were noted as a result of performing these procedures.

13) Information Technology Disaster Recovery/Business Continuity

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

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

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

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

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

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

   i. Hired before June 9, 2020 - completed the training; and

   ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements;
   ii. Number of sexual harassment complaints received by the agency;
   iii. Number of complaints which resulted in a finding that sexual harassment occurred;
   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
   v. Amount of time it took to resolve each complaint.

<u>Results:</u> Management has determined that sexual harassment procedure testing is not applicable to the Organization.

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

We are required to be independent of the Organization 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
October 14, 2024