

**THRIVE NEW ORLEANS**  
**(Formerly St. Roch Community Development Corporation)**

**FINANCIAL STATEMENTS**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

***Sean M. Bruno***  
***Certified Public Accountants, LLC***  

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*Sean M. Bruno*  
*Certified Public Accountants, LLC*

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Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors of  
**Thrive New Orleans**  
New Orleans, Louisiana

**Report on the Audit of the Financial Statements**

*Opinion*

I have audited the accompanying financial statements of **Thrive New Orleans (TNO)** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Thrive New Orleans** as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of **Thrive New Orleans** and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted standards, I:

- 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.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

*Auditors' Responsibilities for the Audit of the Financial Statements, continued*

- 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 **Thrive New Orleans'** 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 my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Thrive New Orleans'** ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

*Supplementary Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer as required by Louisiana Revised Statute 24:513(A)(3) and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and recording 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

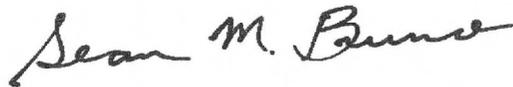
**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

*Supplementary Information, continued*

the United States of America. In my 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*, I have also issued my report dated September 25, 2023, on my consideration of **Thrive New Orleans'** internal control over financial reporting and on my 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 my 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 **Thrive New Orleans'** 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 **Thrive New Orleans'** internal control over financial reporting and compliance.



**SEAN M. BRUNO**  
**CERTIFIED PUBLIC ACCOUNTANTS, LLC**  
New Orleans, Louisiana

September 25, 2023

**THRIVE NEW ORLEANS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**

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**ASSETS**

**ASSETS:**

Cash and cash equivalents	\$ 541,920
Accounts receivable	807,630
Inventory	30,930
Right of use asset	42,418
Other assets	23,444
Property, plant and equipment, net of accumulated depreciation and amortization of \$304,203 (NOTES 2 and 4)	<u>1,202,268</u>
TOTAL ASSETS	<u>\$ 2,648,610</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES:**

Accounts payable and accrued liabilities	\$ 304,332
Line of credit (NOTE 5)	44,024
Mortgage and notes payable (NOTE 5)	1,589,463
Lease obligation	42,418
Tenant security deposits	7,925
Accrued interest payable	107,202
Other liabilities	<u>826</u>
TOTAL LIABILITIES	<u>2,096,190</u>

**NET ASSETS:**

Without donor restrictions (NOTE 2)	252,094
With donor restrictions (NOTE 2 and 6)	<u>300,326</u>
TOTAL NET ASSETS	<u>552,420</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,648,610</u>
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The accompanying notes are an integral part of these financial statements.

**THRIVE NEW ORLEANS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions (NOTE 8)	\$ 436,843	\$ 2,275,921	\$ 2,712,764
In-kind donations (NOTE 14)	96,402	-	96,402
Contract revenue	17,430	-	17,430
Rental income	90,594	-	90,594
Property sales	275,000	-	275,000
Other income	56,567	-	56,567
Net asset released from purpose and time restrictions	2,848,095	(2,848,095)	-
Total revenues and support	3,820,931	(572,174)	3,248,757
Expenses:			
Program services	3,077,352	-	3,077,352
Support services:			
Management and general	528,772	-	528,772
Fundraising	-	-	-
Total expenses	3,606,124	-	3,606,124
Changes in net assets	214,807	(572,174)	(357,367)
Net assets - beginning of year	37,287	872,500	909,787
Net assets - end of year	\$ 252,094	\$ 300,326	\$ 552,420

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

**THRIVE NEW ORLEANS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 820,787	\$ 365,199	\$ -	\$ 1,185,986
Payroll Expense	59,494	37,355	-	96,849
Insurance	63,780	10,055	-	73,835
Repairs and Maintenance	11,857	-	-	11,857
Depreciation	50,092	27,762	-	77,854
Fees & Subscription	16,779	2,081	-	18,860
Interest	51,064	14,160	-	65,224
Other	1,142	40	-	1,182
Postage & Printing	4,571	70	-	4,641
Materials & Supplies	110,478	1,945	-	112,423
Cost of Properties Sold	220,764	-	-	220,764
Program Expenses	19,695	-	-	19,695
Advertising	5,230	1,315	-	6,545
Utilities	31,684	-	-	31,684
Donation Expense	29,727	20,104	-	49,831
Food, Meals & Entertainment	21,924	2,391	-	24,315
Comm, Media & Software	8,274	4,535	-	12,809
Meeting, Conference	31,307	1,025	-	32,332
Professional Services	1,351,787	40,735	-	1,392,522
Occupancy	166,916	-	-	166,916
<b>Total</b>	<u>\$ 3,077,352</u>	<u>\$ 528,772</u>	<u>\$ -</u>	<u>\$ 3,606,124</u>

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

**THRIVE NEW ORLEANS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in net assets	\$ (357,367)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	77,854
Gain on sale of investment	(85,467)
Change in operating assets and liabilities:	
Increase in accounts receivable	(68,851)
Decrease in inventory	14,717
Increase in right of use asset	(42,418)
Increase in other assets	(10,153)
Increase in accounts payable and accrued liabilities	164,416
Decrease in tenant security deposits	(1,200)
Increase in accrued interest payable	13,383
Increase in lease obligation	<u>42,418</u>
Net cash used by operating activities	<u>(252,668)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Acquisition of property and equipment	(191,755)
Proceeds from sale of investment	<u>275,000</u>
Net cash provided by investing activities	<u>83,245</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Reduction in mortgage and notes payable	<u>(265,294)</u>
Net cash used by financing activities	<u>(265,294)</u>
Net decrease in cash and cash equivalents	(434,717)
Cash and cash equivalents, beginning of year	<u>976,637</u>
Cash and cash equivalents, end of year	<u>\$ 541,920</u>
 <u>Supplemental Disclosures</u>	
Interest paid in cash	<u>\$ 52,113</u>

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

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - NATURE OF ORGANIZATION OF OPERATIONS:**

**Thrive New Orleans (TNO)** (formerly St. Roch Community Development Corporation) is a nonprofit 501(c)(3) Christian community development organization established under the laws of the State of Louisiana offering services to help meet the physical and economic needs of individuals and families. TNO seeks to equip people with training and resources to improve their lives and community as well as connect them to a broader network of people who will help champion their efforts so that dignity, families and the community are restored.

TNO's vision is to see individuals empowered to change their lives, family and community. TNO's mission is to serve as a catalyst to help lift people out of material and asset poverty and holistically restore the community through:

- Affordable Housing Services – providing housing rehabilitation services;
- Community Services – providing financial literacy, job training classes and entrepreneurship training; and
- Thrift Store Operations – providing job training and employment for young adults.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Principles of Accounting**

The financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. 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

**THRIVE NEW ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Principles of Accounting, Continued

affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis Presentation

For the year ended December 31, 2022, **TNO** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the presentation of its financial statements. The purpose of the FASB ASC 2016-04 is to improve the financial reporting of those entities. Among other provisions, this ASC reduces the number of classes of net assets from three to two, requiring the presentation of expenses in both natural and functional classifications, and requiring additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 31, 2017 and requires the use of the retrospective transition method. **TNO** adopted this standard for the year ended December 31, 2022 and its implementation is reflected in the financial statements.

A description of the two net asset categories is as follows:

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

**THRIVE NEW ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Principles of Accounting, Continued

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

At December 31, 2022, TNO's Net Assets Without Donor Restrictions totaled \$252,094 and Net Assets With Donor Restrictions totaled \$300,326.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures of \$1,000 or greater that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

Depreciation of buildings, furniture, fixtures and equipment is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life (years)</u>
Furniture and equipment	Straight-line	5 to 7
Buildings and improvements	Straight-line	27.5

**THRIVE NEW ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Contributions, Support and Revenues

TNO receives non-cash donations gifts of tangible property to be sold in its thrift store operations. These donated goods are referred to as in-kind contributions. In-kind contributions are recorded at estimated fair market value at the date of the donation.

TNO accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*, accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as Net Assets Without Donor Restrictions or Net Assets with Donor Restrictions support, depending on the existence and nature of any Donor Restrictions.

Contributions that are restricted by the donor are reported as increases in Net Assets Without Donor Restrictions if the restrictions expire in the reporting period in which the revenues are recognized. All other donor-restricted contributions are reported as increases in Net Assets with Donor Restrictions. When a restriction expires, Net Assets with Donor Restrictions are reclassified to Net Assets Without Donor Restrictions and represented in the Statement of Activities as net assets released from restrictions.

Inventory

Inventory consists of non-cash donations of merchandise available for sale in TNO's thrift store operations. Merchandise inventory is recorded at estimated fair market value.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. See Statement of Functional Expenses.

**THRIVE NEW ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Income Taxes

TNO is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is made in the accompanying financial statements. Should TNO's tax-exempt status be challenged in the future, TNO's 2019, 2020, and 2021 tax years are open for examination by the IRS.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through September 25, 2023, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure other than as disclosed in NOTE 14.

NOTE 3 - ECONOMIC DEPENDENCY:

The primary sources of revenues for TNO are grants and contributions provided through various funding agencies and Donors. The continued success of TNO is dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

**THRIVE NEW ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 4 - PROPERTY AND EQUIPMENT:

As of December 31, 2022, property and equipment and related accumulated depreciation and amortization consists of the following:

Land	\$ 74,012
Buildings and building improvements	1,154,127
Furniture and equipment	214,402
Vehicles	38,223
Leasehold improvements	<u>25,707</u>
	1,506,471
Less: accumulated depreciation and amortization	<u>(304,203)</u>
Total	<u>\$ 1,202,268</u>

The current year's depreciation and amortization totaled \$77,854.

NOTE 5 - LINE OF CREDIT, MORTGAGES AND NOTES PAYABLE:

A summary of mortgages and notes payable is as follows:

Note payable to a nonprofit corporation bearing interest at a rate of 3.0% payable in one installment due on June 30, 2024. The note is secured by real estate. \$ 236,216

Note payable to a bank bearing interest at a rate of 5.8%. Principal and interest payment of \$807 due monthly. Final balloon payment in full due on February 11, 2027. The note is secured by real estate. 90,771

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 5- LINE OF CREDIT, MORTGAGES AND NOTES PAYABLE:  
(Continued)

Note payable to a lending institution bearing interest at a rate of 2.75% per annum payable in 360 monthly installments of principal and interest of \$2,136 beginning on or about November 2022. The loan represents the Economic Injury Disaster Loan (EIDL) administered by the U.S. Small Business Administration (SBA). The loan is secured by all tangible and intangible personal property owned by **TNO**. 500,000

Note payable to a bank bearing interest at a rate of 4.0%. Principal and interest payment of \$1,198.50 due monthly. The loan matures on January 19, 2044. The note is secured by real estate. 208,502

Note payable to a bank bearing interest rate at a rate of 6.56% payable on demand. Principal and interest payment of \$995 due monthly. Final balloon payment in full due January 2028. The note is secured by real estate. 87,062

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5- LINE OF CREDIT, MORTGAGES AND NOTES PAYABLE:**

(Continued)

Line of credit payable to a bank bearing interest of 10.81% payable at maturity in one installment due on May 15, 2023. The line of credit is secured by real estate. 44,025

Note payable to a bank bearing interest at a rate of 4.0%. Principal and interest payment of \$2,500 due monthly. The loan matures on August 25, 2047. The note is secured by real estate. 466,912

\$1,633,488

Following are scheduled maturities of the line of credit, mortgages and notes payable.

Year Ending December 31,

2023		\$ 165,777
2024		282,124
2025		58,555
2026		71,486
2027 and thereafter		<u>1,055,546</u>
	Total	<u>\$1,633,488</u>

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:**

At December 31, 2022, Net Assets with Donor Restrictions are available for the following purposes:

Assistance to green infrastructure businesses and training	\$187,500
Assistance to small business owners, address common barriers to accessing capital, including credit scores below lender thresholds, incomplete or inaccurate financial statements, incomplete or inaccurate tax filings.	110,326
Designated for multiple business loans/grants.	<u>2,500</u>
Total Net Assets with Donor Restrictions	<u>\$300,326</u>

**NOTE 7 - GRANTS AND CONTRIBUTIONS:**

Grants and contributions revenue consisted of the following for the year ended December 31, 2022:

<u>Grants</u>	
Governmental	\$1,347,852
<u>Contributions</u>	
Foundation, church and nonprofit grants	723,022
Individual and corporate contributions	<u>641,890</u>
Total contributions	<u>1,364,912</u>
Total grants and contributions	<u>\$2,712,764</u>

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 8 - RISK MANAGEMENT:**

**TNO** is exposed to various risks of loss related to torts, theft, or damages to and destruction of assets for which **TNO** is insured under commercial insurance. Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

**NOTE 9 - CONCENTRATION OF CREDIT RISK:**

**TNO** maintains cash balances at local banks. The Federal Deposit Insurance Corporation (FDIC) provides coverage on non-interest-bearing accounts and all other deposits up to \$250,000. At December 31, 2022, **TNO** had \$280,119 uninsured cash balances.

**NOTE 10 - FAIR VALUES OF FINANCIAL INSTRUMENTS:**

The following methods and assumptions were used by **TNO** in estimating the fair value of its financial instruments:

Cash - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Inventory - The carrying amount reported in the statement of financial position is reported at estimated fair market value.

Line of credit, mortgage and notes payable - The carrying amount reported in the statement of financial position approximates fair value because **TNO** can obtain similar loans at the same terms.

The estimated fair values of **TNO's** financial instruments are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash	\$ 541,920	\$ 541,920
Inventory	\$ 30,930	\$ 30,930
Line of credit, mortgages and notes payable	\$ 1,633,487	\$1,633,487

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - LEASING ACTIVITIES:**

**TNO** has an operating lease with an unrelated party for warehouse space. The lease is for a 2 year period ending October 31, 2023.

The following summarizes the line items in the statement of financial position:

Right of use asset-operating lease	\$42,418
Lease obligation – operating lease	42,418

The weighted lease term is 1 year and the weighted average discount rate is 4%.

The maturities of lease liabilities are:

	<u>Operating</u>
2023	43,200
Less: Interest	<u>782</u>
Present Value	<u>42,418</u>

Operating lease cost for the year was \$47,717.

**THRIVE NEW ORLEANS**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 12 - NEW PRONOUNCEMENTS:

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this Update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credits Losses (Topic 326), Derivative and Hedging (Topic 815) and Leases (Topic 842) which amended ASU 2016-02*. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of financial position and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2020 with early adoption permitted. In June 2020, the FASB issued ASU 2020-05, which amends the effective date of the standards on Topic 842 to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the coronavirus disease 2019 (COVID-19) pandemic. The Board deferred the effective date of Topic 842 for private companies, private-not-for-profit entities, and public non-for-profit entities. The deferral only applies if those entities have not yet issued their financial statements (or made their financial statements available for issuance) as of June 3, 2020. TNO expects to adopt ASU 2020-05 for fiscal years beginning after December 15, 2021 but does not believe that this standard will have a material impact on its financial statements or disclosures.

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 12 - NEW PRONOUNCEMENTS:  
(Continued)

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this Update are effective for nonpublic entities for annual periods beginning after December 15, 2018, with early adoption permitted. TNO does not expect the new guidance to have a material impact on TNO's financial statements.

TNO is currently assessing the impact of these new pronouncements on its financial statements.

NOTE 13 - IN-KIND DONATIONS:

During the year ended December 31, 2022, the following goods and services were provided as in-kind donations.

Donated rent	\$ <u>96,402</u>
Total	\$ <u>96,402</u>

**THRIVE NEW ORLEANS**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 14 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 25, 2023 and determined that the following events occurred that require disclosure:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern”, and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. Although it is unknown how long these conditions will last and what the complete financial consequences will be, to date, the Organization has not experienced an adverse financial impact due to the coronavirus outbreak.

**THRIVE NEW ORLEANS**  
**(A NON PROFIT CORPORATION)**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER (STATEMENT C)**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Agency Head Name, Title:** Chuck Morse, Executive Director

<u><b>PURPOSE</b></u>	<u><b>AMOUNT</b></u>
Salary	\$ 137,776
Benefits-insurance	-
Benefits-retirements	-
Benefits-other	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	-
Travel	3,150
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other	-
<b>Total</b>	<u><u><b>140,926</b></u></u>

**THRIVE NEW ORLEANS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor/Program Title</u>	<u>Federal Award I. D. No.</u>	<u>Federal AL Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Costs</u>
U.S. Department of Housing and Urban Development Pass-through Programs from: City of New Orleans: National Disaster Resiliency Competition (CDBG-NDR)	B-13-MS-22-0002	14.272	\$1,094,322	-

**THRIVE NEW ORLEANS**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – Summary of Significant Accounting Policies

a. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of **THRIVE NEW ORLEANS (TNO)**. **TNO's** reporting entity is defined in NOTE 1 to the financial statements for the year ended December 31, 2022. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed through other government agencies.

b. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in NOTE 2 of **TNO's** financial statements for the year ended December 31, 2022.

c. Indirect Costs

**TNO's** subrecipient agreement with the City of New Orleans allows for a 7% indirect cost rate.

*Sean M. Bruno*  
*Certified Public Accountants, LLC*

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

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To the Board of Directors  
**Thrive New Orleans**  
New Orleans, Louisiana

I 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 **Thrive New Orleans**, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and has issued my report thereon dated September 25, 2023.

***Report on Internal Control over Financial Reporting***

In planning and performing my audit of the financial statements, I considered **Thrive New Orleans'** 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Thrive New Orleans'** internal control. Accordingly, I do not express an opinion on the effectiveness of **Thrive New Orleans'** 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.

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

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**(CONTINUED)**

***Report on Internal Control over Financial Reporting, Continued***

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether **Thrive New Orleans'** financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests did disclose an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2022-001.

***Thrive's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on **Thrive's** response to the finding identified in my audit and described in the accompanying schedule of findings and questioned costs. **Thrive's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

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

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(CONTINUED)

*Purpose of this Report*

The purpose of this report is solely to describe the scope of my 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.



**SEAN M. BRUNO**  
**CERTIFIED PUBLIC ACCOUNTANTS, LLC**  
New Orleans, Louisiana  
September 25, 2023

*Sean M. Bruno*  
*Certified Public Accountants, LLC*

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

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To the Board of Directors  
**Thrive New Orleans**  
New Orleans, Louisiana

*Report on Compliance for Each Major Federal Program*

*Opinion on Each Major Federal Program*

I have audited **Thrive New Orleans'** 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 **Thrive New Orleans'** major federal programs for the year ended December 31, 2022. **Thrive New Orleans'** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

*Basis for Opinion on Each Major Federal Program*

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

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**(CONTINUED)**

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

I am required to be independent of **Thrive New Orleans** and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of **Thrive New Orleans'** 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 **Thrive New Orleans'** federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

My 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 **Thrive New Orleans'** compliance based on my 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 **Thrive New Orleans'** 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, I:

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

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**(CONTINUED)**

*Auditor's Responsibilities for the Audit of Compliance, Continued*

- 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 **Thrive New Orleans'** compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of **Thrive New Orleans'** 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 **Thrive New Orleans'** internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

*Other Matters*

The results of my auditing procedures did not disclose instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. My opinion on each major federal program is not modified with respect to these matters.

*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

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

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**(CONTINUED)**

***Report on Internal Control over Compliance, Continued***

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.

My 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 my audit I did not identify any deficiencies in internal control over compliance, that I 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.

My 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 my 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.



**SEAN M. BRUNO**  
**CERTIFIED PUBLIC ACCOUNTANTS, LLC**  
New Orleans, Louisiana  
September 25, 2023

**THRIVE NEW ORLEANS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Schedule I – Summary of Auditor’s Results**

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_ Yes  X  No None reported

Noncompliance material to financial statements noted?  X  Yes \_\_\_ No

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_ Yes  X  No

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 the Uniform Guidance? \_\_\_ Yes  X  No

c) Identification of Major Programs:

<u>AL Number</u>	<u>Name of Federal Program</u>
14.272	National Disaster Resilience Competition (CDBG-NDR)

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

Auditee qualified as a low-risk auditee? \_\_\_ Yes  X  No

Were management letter comments issued? \_\_\_ Yes  X  No

**THRIVE NEW ORLEANS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Continued)

**SCHEDULE II – Financial Statement Findings**

**COMPLIANCE**

2022-001 - Untimely Submission of Audit Report

Criteria

Pursuant to the requirement of Louisiana Statute R.S 24:513 A.(5)(a)(i), annual financial reports shall be completed within six (6) months of the close of an entity’s fiscal year. If the due date falls on a Saturday, Sunday, or federal Holiday, the reporting package is due the next business day.

Conditions

The December 31, 2022 report was not submitted within the prescribed time frame.

Context

The audit report was outstanding six (6) months after the entity’s fiscal year.

Cause

Management failed to ensure that the audit report was issued within prescribed timeline.

Effect

**Thrive New Orleans** has not complied with the audit reporting requirement of Louisiana Statute R.S. 24:513 A.(5)(a)(i).

Recommendation

I recommend that management of **Thrive New Orleans** take steps to ensure that the report is submitted within the prescribed deadlines.

Management’s Response

**Thrive New Orleans** concurs with this finding. Delay was mainly due to not engaging an auditor in a timely manner. **Thrive New Orleans Corporation** will submit future audits in a timely manner.

**THRIVE NEW ORLEANS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(Continued)

**Schedule III – Internal Control and Compliance Material to Federal Awards**

**Internal Control/Compliance**

There were no findings or questioned costs reported during the audit of the financial statements for the year ended December 31, 2022 related to internal control and compliance material to federal awards.

**THRIVE NEW ORLEANS**

Statewide Agreed-Upon Procedures (R.S. 24:513)  
Report

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FOR THE YEAR ENDED  
DECEMBER 31, 2022

***Sean M. Bruno***  
***Certified Public Accountants, LLC***

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*Sean M. Bruno*  
*Certified Public Accountants, LLC*

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

To the Board of Directors  
**Thrive New Orleans**  
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 (SAUPs) for the fiscal period January 1, 2022, through December 31, 2022. **Thrive New Orleans (TNO's)** management is responsible for those C/C areas identified in the SAUPs.

**Thrive New Orleans** has as agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022, through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.

INDEPENDENT ACCOUNTANT'S REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) ***Ethic***, including (1) the prohibitions as defined in Louisiana Revised Statute 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.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates and (6) identification of personnel, processes and tools needed to recover operations after a critical event.
- l) ***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.

INDEPENDENT ACCOUNTANT'S REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

**Results of Procedures:**

We noted no exceptions as a result of applying the above listed procedures to 1.a) budgeting, 1.b) purchasing, 1.c) disbursements, 1.d) receipts/collections and 1.e) payroll/personnel. 1.i) ethics, 1.j) debt service and 1.l) prevention of sexual harassment is not applicable as TNO is a not-for-profit entity. We noted the following exceptions: 1.f) contracting does not address 1) standard terms and conditions, 2) legal review and 3) monitoring process; 1.h) credit cards (and debit cards, fuel cards, P-cards, if applicable) only address debit cards and does not include how cards are to be controlled and allowable business use; 1.g) travel and expense reimbursement does not include dollar thresholds by category of expense; and 1.k) there are no written policies and procedures for information technology disaster recovery/business continuity.

***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe 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.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on all proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-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.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - d) 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 of Procedures:** We noted no exceptions to the above procedures.

INDEPENDENT ACCOUNTANT'S REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

***Bank Reconciliations***

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) 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);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results of Procedures:**

As a result of applying the above listed procedures, we noted the following exceptions: 3.b) unable to observe evidence of management/board member review and 3.c) unable to observe documentation that reconciling items outstanding for more than 12 months have been researched.

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

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

INDEPENDENT ACCOUNTANT'S REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management of a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results of Procedures:**

As a result of applying the above listed procedures, we noted the following exceptions: 5.b) unable to observe that employee responsible for collecting cash is not responsible for preparing/making bank deposits, 5.c) unable to observe that employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, 7.a) unable to observe that receipts are sequentially pre-numbered and 7.d) deposits were not made within one business day of receipt.

INDEPENDENT ACCOUNTANT'S REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

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

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfers (EFT), wire transfer or some other electronic means.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in bank reconciliations procedure #3, 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.

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**Results of Procedures:** We noted no exceptions to the above procedures.

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

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. 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:
  - a) Observe that 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results of Procedures:**

As a result of applying the above listed procedures, we noted the following exceptions: 13.a) unable to observe evidence that the monthly statements selected, including the supporting documentation, was reviewed and approved, in writing by someone other than the authorized card holder.

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PROCEDURES AND FINDINGS, CONTINUED

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

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15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) 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 policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results of Procedures:** Management has represented that all travel expenses were paid with the entity's debit card. Therefore, we did not perform procedures in this area.

*Contracts*

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16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - c) 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, was approval documented).

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

**Results of Procedures:** We noted no exceptions to the above procedures.

***Payroll and Personnel***

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- 17. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and do not document their attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 20. 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 of Procedures:** We noted no exceptions to the above procedures.

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*Ethics*

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21. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the Agency has appointed an ethics designee as required by R.S. 42:1170.

**Results of Procedures:** TNO is a non-profit entity. This area is not applicable.

*Debt Service*

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23. 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.
24. 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 of Procedures:** TNO is a non-profit entity. This area is not applicable.

*Fraud Notice*

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25. 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.
26. 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.

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PROCEDURES AND FINDINGS, CONTINUED

**Results of Procedures:** As a result of applying the above listed procedures, 25. We noted no misappropriations of public funds and assets during the fiscal year. 26. We were unable to observe that TNO had posted on its website, the notice required by R.S. 24.523.1 concerning the reporting of misappropriation, fraud, waste or abuse of public funds.

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

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

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backup can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed with the past 3 months.
- c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #18. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

***Sexual Harassment***

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

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30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the reported was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Results of Procedures:** TNO is a non-profit entity. This area is not applicable.

We were engaged by **Thrive New Orleans** 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 **Thrive New Orleans** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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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.



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September 25, 2023