

CENTER FOR RESILIENCE, INC.
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Center for Resilience, Inc. (CFR)** which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Auditors' Responsibility, Continued

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of CFR's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CFR's preparation and fair presentation of the financial statements 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 CFR's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of CFR as of June 30, 2019, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2020 on our consideration of CFR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 CFR's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

January 28, 2020

CENTER FOR RESILIENCE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Current Assets:	
Cash (NOTE 2)	\$294,599
Grants receivable (NOTE 5)	112,666
Amounts receivables (NOTE 5)	288,459
Prepaid items (NOTE 11)	<u>56,775</u>
Total current assets	<u>752,499</u>
Noncurrent Assets:	
Total noncurrent assets	<u>-0-</u>
Total assets	<u>\$752,499</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued expenses	\$291,215
Accrued salaries payable	92,798
Accrued retirement payable	5,061
Note payable	<u>6,000</u>
Total current liabilities	<u>395,074</u>
Noncurrent liabilities:	
Total noncurrent liabilities	<u>-0-</u>
Total liabilities	<u>395,074</u>
Net Assets:	
Without donor restrictions	177,585
With donor restrictions	<u>179,840</u>
Total net assets	<u>357,425</u>
Total liabilities and net assets	<u>\$752,499</u>

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

CENTER FOR RESILIENCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>NET ASSETS</u>		
	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With</u> <u>Donor</u> <u>Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
Grants (NOTE 16)	\$ -0-	\$ 1,746,611	\$1,746,611
Contributions	667,300	-0-	667,300
Net assets released from restrictions:			
From expiration of time and/or fulfillment of purpose	<u>1,566,771</u>	<u>(1,566,771)</u>	<u>-0-</u>
Total operating activities	<u>2,234,071</u>	<u>179,840</u>	<u>2,413,911</u>
OPERATING EXPENSES:			
Program services	1,815,133	-0-	1,815,133
Supporting services	<u>319,639</u>	<u>-0-</u>	<u>319,639</u>
Total operating expenses	<u>2,134,772</u>	<u>-0-</u>	<u>2,134,772</u>
Change in net assets from operating activities	<u>99,299</u>	<u>179,840</u>	<u>279,139</u>
NON-OPERATING ACTIVITIES:			
Other income	<u>9,786</u>	<u>-0-</u>	<u>9,786</u>
Total non-operating activities	<u>9,786</u>	<u>-0-</u>	<u>9,786</u>
Change in net assets from non-operating activities	<u>9,786</u>	<u>-0-</u>	<u>9,786</u>
Change in net assets from operating and non-operating activities	<u>109,085</u>	<u>179,840</u>	<u>288,925</u>
Net assets, beginning of year	<u>68,500</u>	<u>-0-</u>	<u>68,500</u>
Net assets, end of year	<u>\$ 177,585</u>	<u>\$ 179,840</u>	<u>\$ 357,425</u>

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

CENTER FOR RESILIENCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>SERVICES</u>	<u>TOTAL</u>
OPERATING EXPENSES			
Salaries and compensation	\$ 799,244	\$187,763	\$ 987,007
Employee benefits and related taxes	128,558	32,140	160,698
Consultants	367,020	14,876	381,896
Transportation	271,154	-0-	271,154
Building rent	97,855	32,618	130,473
Food service program	42,474	-0-	42,474
Maintenance and repairs	26,251	8,750	35,001
Custodial service and supplies	14,833	4,944	19,777
Supplies	13,829	4,610	18,439
Telecommunications	11,697	3,899	15,596
Professional development	11,565	3,855	15,420
Administrative and other	10,790	5,115	15,905
Travel	3,457	1,152	4,609
Copier rental	2,784	928	3,712
Legal	9,872	3,291	13,163
Insurance	3,750	11,249	14,999
Payroll fees	<u>-0-</u>	<u>4,449</u>	<u>4,449</u>
	<u>\$1,815,133</u>	<u>\$319,639</u>	<u>\$2,134,772</u>

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

CENTER FOR RESILIENCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS USED IN OPERATING ACTIVITIES

Change in net assets	\$ 288,925
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in grants receivable	(112,666)
Increase in prepaid items	(56,775)
Increase in accounts payable and accrued expenses	291,215
Increase in amounts receivable	(288,459)
Increase in accrued salaries payable	92,798
Increase in accrued retirement payable	5,061
Increase in note payable	6,000
Decrease in note payable	<u>(12,000)</u>
Net cash provided by operating activities	<u>214,099</u>
Net increase in cash	214,099
Cash - July 1, 2018	<u>80,500</u>
Cash - June 30, 2019	<u>\$ 294,599</u>

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

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - **BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** :

Background

Center for Resilience, Inc. (CFR) is a non-profit public benefit corporation organized under the laws of the State of Louisiana. Incorporated on January 19, 2017 as New Orleans Therapeutic Day Program name was changed on February 22, 2017 to **Center for Resilience, Inc.** CFR commenced operations during the 2018-2019 fiscal year.

The mission of **CFR** is to provide educational and intensive mental health support in an innovative partnership with the Tulane University School Medicine Department of Child and Adolescent Psychiatry to ensure the emotional well-being and academic readiness of children with behavioral health needs in the Greater New Orleans region. Currently, **CFR** offers separate settings for children in grades K-10 with moderate to significant, diagnosed behavioral health disabilities whose needs cannot be met in a traditional school.

CFR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. Ultimately, **CFR's** aim is to make sure all children with behavioral health needs have access to the appropriate services and placements.

CFR's vision is that a full continuum of effective mental and behavioral health support and intervention exist for children and adolescents in the Greater New Orleans region. In support of this vision, and by the year 2022, **CFR** will:

- Partner with the Orleans Parish School Board to realize the true cost per child, ensuring day-to-day operating expenses are covered by city, educational, and medical dollars.
- Expand to serve children in 9th - 12th grade.
- Launch a trauma informed early learning center for children ages birth - six.
- Develop programming to support children on the autism spectrum experiencing moderate to significant behavioral challenges.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Background, Continued

- Begin planning for a residential group home.
- Open the Querencia School, a diverse by design, open enrollment PK-8 public school with a focus on experiential.

Principles of Accounting

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

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, **CFR** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Further, **CFR's** financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of **CFR** are classified to present the following based on the existence or absence of donor-imposed restrictions.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Presentation of Financial Statements, Continued

Accordingly, net assets of **CFR** are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of **CFR's**. **CFR's** board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **CFR** or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

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 and disclosure 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.

Funding

CFR receives its funding from the Orleans Parish School Board and other partners through grants and contributions.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Purchased software is capitalized if certain criteria are met. Land is stated at cost. Expenses incurred for maintenance and repairs are charged to operations as incurred. Leasehold improvements are amortized over the lesser of the estimated economic life of the improvements or the remaining term of the lease.

Assets acquired by gift are recorded at fair market value established at the date of acquisition.

CFR follows the policy of capitalizing all individual fixed assets purchased greater than \$5,000 and fixed assets that in aggregate are greater than \$10,000.

CFR uses the straight-line method of depreciation over the assets useful life determined as follows:

Computers	3 years
Office equipment	5 years
Vehicles	5 years
Office Furniture	7 years
Leasehold Improvements	Life of lease or 5 years whichever is greater
Building Improvements	20 years
Building	30 years

Further, **CFR** currently uses furniture transferred from the Recovery School District in its daily operations.

At June 30, 2019, **CFR** had no capitalized property and equipment.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Compensated Absences

12-month employees are entitled to a total of ten (10) days of wellness leave. Up to three (3) days of the leave may be rolled over annually.

See other matters report reference number OM 2019-009 for additional discussion.

Additionally, year end staff are eligible for ten (10) days of vacation time.

10-month employees are eligible for ten (10) days of wellness leave. Their unused wellness leave does not rollover at June 30, 2019.

Use of Restricted Resources

It is the practice of CFR to use restricted resources based on donor restrictions and consistent with its mission.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services in the accompanying statement of functional expenses. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Other	Time and effort

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Method of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CFR's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs and other activities considered to be a more unusual or nonrecurring nature.

Statement of Cash flows

For purposes of the statement of cash flows, CFR considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2019, CFR had no cash equivalents.

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by CFR using available market information and appropriate valuation methodologies.

CFR considers the carrying amounts of cash, amounts and grants receivables, prepaid items, and amounts and other payables to be at fair market.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. The revised implementation date voted on by the FASB for ASU 2016-02 will now be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. CFR has not assessed the potential impact of this guidance on its financial statements.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

New Accounting Pronouncements, Continued

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be 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. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. CFR has implemented the new pronouncement in the accompanying financial statements.

NOTE 2 - CASH:

CFR maintains a bank account in one operating account to include the use of a third party on-line payments and collections. As of June 30, 2019 the collected bank balance was \$297,684 and a book balance of \$294,599.

Cash balance held in a bank is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). CFR maintains its cash in a bank deposit account that at times may exceed federally insured limits. CFR does not have a deposit policy and has not experienced any losses in its account. At June 30, 2019, CFR has a collected bank balance of \$47,684 in excess of the FDIC insured limit.

See NOTE 9 and other matter OM 2019-006 for additional discussion.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - LIQUIDITY:

CFR's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	\$ 294,599
Grants and amounts receivable	401,125
Less:	
Accounts, accrued and other payables	(389,074)
Note payable	<u>(6,000)</u>
	<u>\$ 300,650</u>

CFR's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position.

As part of CFR's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, CFR has \$150,000 line of credit, it could draw in the event of an unanticipated liquidity need.

NOTE 4 - GRANTS RECEIVABLE:

At June 30, 2019, grants receivable consisted of costs incurred in excess of funds reimbursed for programs funded by various entities. A detail by funding source follows:

<u>Source</u>	<u>Amount</u>
Orleans Parish School Board	\$108,333
IMH	4,333
Others	<u>288,459</u>
	<u>\$401,125</u>

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - INCOME TAXES:

CFR is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provisions for income taxes is made in the accompanying financial statements. Should **CFR's** tax status be challenged in the future, **CFR's** 2017 and 2018 tax years are open for examination by the Internal Revenue Service.

NOTE 6 - CONTINGENCIES AND COMMITMENTS:

CFR is a recipient of funding from the Orleans Parish School Board and Other Partners. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of **CFR** and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and applicable regulations of the funding sources may be subject to recapture.

NOTE 7 - RISK MANAGEMENT:

CFR is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which **CFR** carries 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 8 - CONCENTRATION OF REVENUE SOURCE:

CFR receives primarily all of its support from the Orleans Parish School Board. If the amount of revenue received should fall below award budgeted levels, **CFR's** operating results could be adversely affected.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject CFR to concentrations of credit risk consist principally of cash. See NOTE 2 for additional discussion.

NOTE 10 - PER DIEM TO BOARD OF DIRECTORS:

During the year ended June 30, 2019, no board member received per diem in his or her capacity as director.

NOTE 11 - PREPAID ITEMS:

At June 30, 2019, prepaid items consisted of the following:

Prepaid rent	\$42,597
Prepaid insurance	<u>14,178</u>
	<u>\$56,775</u>

NOTE 12 - RETIREMENT:

Plan Description

On December 5, 2018, CFR's board approved the establishment of a 403(b) single employer defined contribution plan.

Plan Funding

Funding for the plan is through a contribution of a maximum percentage of up to 4% by participating employees and CFR respectively, limited by the maximum deferral dictated by Internal Revenue Service code. Eligibility is based on full-time employment. The contribution is based on the employee's base salary each month.

For the year ended June 30, 2019, employer contribution expense was \$10,861 for participating employees with their respective gross compensation totaling \$271,525.

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - SUBSEQUENT EVENTS:

CFR is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. **CFR** performed such an evaluation through January 28, 2020, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

NOTE 14 - LEASES:

Effective July 1, 2019, **CFR** is obligated under an executed operating lease for new office space. The previous operating lease for office space started on December 1, 2018 and ended on June 30, 2019. The new operating lease contains automatic yearly renewal options for periods not to exceed five (5) years. Further, **CFR** executed on June 4, 2019, effective June 7, 2019 an equipment lease for four (4) years at a monthly rate of \$236.50. Operating lease expense for the year ended June 30, 2019 totaled \$134,185.

The required minimum rental payments under the terms of the building and equipment lease agreements are as follows:

Year Ending <u>June 30,</u>	
2020	\$139,038
2021	141,762
2022	144,486
2023	147,210
2024	<u>147,368</u>
Total	<u>\$719,864</u>

CENTER FOR RESILIENCE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - LINE OF CREDIT:

At June 30, 2019, CFR has an executed line of credit with an available amount of \$150,000 dated January 1, 2019 which matures on January 11, 2021.

The interest rate on this note is subject to change from time to time based on changes in an independent index which is prime rate of interest as published in the money rate section of the Wall Street Journal.

NOTE 16 - GRANTS:

For the year ended June 30, 2019, grants by funding source consisted of the following:

<u>Source</u>	<u>Amount</u>
Orleans Parish Public School	\$1,083,333
Booth Bricker	100,000
Walton Foundation	280,250
Baptist Community Ministries	137,495
Blue Cross Blue Shield	100,000
Others	<u>45,533</u>
	<u>\$1,746,611</u>

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Other Matter

We have audited the financial statements of **Center for Resilience, Inc. (CFR)** as of and for the year ended June 30, 2019, and have issued our report dated January 28, 2020 which contained an unmodified opinion on the financial statements as a whole.

Other Supplementary Information

The other supplementary information, Schedule I - Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer on page 22 which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statement has been subjected to auditing procedures applied in the audit 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. Such 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 accompanying other supplementary information (Schedule I) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

January 28, 2020

SCHEDULE I

**CENTER FOR RESILIENCE, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019**

Chief Executive Officer Name: Elizabeth Marcel-Williams

<u>Purpose</u>	<u>Amount</u>
Salary	\$68,425.00
Benefits - insurance	213.65
Reimbursements	<u>2,346.90</u>
	<u>\$70,985.55</u>

See Independent Auditors' Report on Supplementary Information.



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

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

We have audited 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 of America, the financial statements of **Center for Resilience (CFR)** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise **CFR's** financial statements, and have issued our report thereon dated January 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **CFR's** internal control over financial reporting to determine the 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 **CFR's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **CFR's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of CFR's financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CFR'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Responses as items 2019-001 and 2019-002.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Response to Findings

CFR's response to the findings identified in our audit is described in the accompanying Summary Schedule of Findings and Responses under the caption "Management's Response and Planned Corrective Action". CFR's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of CFR's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CFR's internal control over financial reporting 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.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

January 28, 2020

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None Reported
• Significant deficiency (ies) identified?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	N/A
• Significant deficiency (ies) identified?	N/A
Type of auditors' report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with the requirements of <i>the Uniform Guidance</i> ?	N/A

N/A - Not Applicable

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Program: N/A

Dollar threshold used to distinguish
between type A and type B programs: N/A

Auditee qualified as low-risk auditee? N/A

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings and Responses

Reference Number

2019-001

Criteria

Louisiana Revised Statute 24:513 requires the publication of audited financial statements within six (6) months of year end.

Condition

The audited financial statements as of and for the year ended June 30, 2019 were not published by December 31, 2019.

Questioned Costs

None.

Context

Total grants and awards expended for the year ended June 30, 2019 were \$2,134,772.

Effect or Potential Effect

Noncompliance with the statutory due date requirement of Louisiana Audit Law.

Cause

Challenges encountered through various transitions in the Finance and program departments for its initial audit.

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2019-001

Recommendation

As CFR continues to restructure the financial section of its operations for alignment with its programs, greater emphasis should be placed on the key operating cycles to ensure timely, complete and accurate financial information reporting. Ultimately, the objective will be to achieve a timely completion of month-end and year-end closing of its accounting records.

Management's Response and Planned Corrective Action

Management has initiated discussions to address the learned outcomes resulting from its initial audit. This should facilitate the timely submission of future audit reports.

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings and Responses, Continued

Reference Number

2019-002

Criteria

Grant agreements executed by CFR require the performance of an independent audit for the respective programs.

Condition

As a part of our audit of grant awards and contributions for compliance with the deliverables dictated in respective contracts, we were unable to obtain certain supporting documentation to evidence compliance with all aspects of the respective grant contracts.

Questioned Costs

None.

Context

Total grants and awards expended for the year ended June 30, 2019 were \$2,134,772.

Effect or Potential Effect

Noncompliance with the requirements of executed contracts.

Cause

Completeness of current system in place to facilitate the reporting and deliverable assessment of compliance with all requirements of executed contracts.

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings and Responses, Continued

Reference Number, Continued

2019-002

Recommendation

CFR should revisit with its current program reporting and assessment requirements to ensure completeness and coordination with the Finance department.

Management's Response and Planned Corrective Action

Management will revisit with its current program deliverables reporting and assessment processes, with an aim toward a continuous and timely reporting of its deliverables to include accounting for the financial reporting impact.

Further, management has initiated a review of its executed contracts to ensure alignment with expectations versus actual deliverables.

Anticipated completion date is June 30, 2020.

CENTER FOR RESILIENCE, INC.
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported during the year ended June 30, 2019.

Section IV - Status of Prior Year's Findings and Questioned Costs

No prior year findings and questioned costs were reported during the year ended June 30, 2019.

CENTER FOR RESILIENCE, INC.

EXIT CONFERENCE

The financial statements and all related reports were discussed at a meeting held with management of **Center for Resilience, Inc.** noting agreement in all material respects.

Those who participated in the discussion are as follows:

CENTER FOR RESILIENCE, INC.

Mrs. Elizabeth Marcell-Williams	--	Executive Director
Ms. Rochelle McConico	--	Director of Finance
Mrs. Gina Rachel	--	Chairperson of the Finance Committee
Ms. Paulette Carter	--	Board Member
Mr. Adam Hawf	--	Board Member
Ms. Keandra Ratcliff	--	4 th Center Solutions, Inc.

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	--	Partner
Mr. Mark Woods, Jr.	--	Accountant



Member
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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

To the Board of Directors
Center for Resilience, Inc.

In planning and performing our audit of the financial statements of **Center for Resilience, Inc. (CFR)** as of and for the year ended June 30, 2019, we considered **CFR's** internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **CFR's** internal control. Accordingly, we do not express an opinion on the effectiveness of **CFR's** internal control.

However, during our audit, we became aware of other matters that provide an opportunity for **CFR** to strengthen its internal control and operating efficiency. We previously reported on **CFR's** internal control in our report dated January 28, 2020. This letter does not affect our report dated January 28, 2020, on the financial statements of **CFR**.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2019***

Reference Number

OM 2019-001

Criteria

Management of CFR is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of internal control attributes over the revenue and expense cycles revealed the following conditions:

- In twenty-four (24) of twenty-five (25) cash collection transactions, we were unable to determine the timeliness in deposit of funds because collections are not logged in by date upon receipt.
- In one (1) instance of the referenced twenty-five (25) deposits tested, funds collected were not deposited in four (4) days upon receipt. Board policy requires the timely deposit of all funds.
- Further, for the referenced deposits, we noted an instance where the amount listed in the deposit tracker sheet did not agree to the amount reflected on CFR's bank statement and deposit slip.
- Also, a deposit on May 24, 2019 was reflected on the deposit tracker as \$25 versus \$26 on the deposit slip and bank statement.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-001

Condition, Continued

- One (1) collection listed on the deposit tracker sheet was not reflected on the deposit slip and bank statement as a deposit of funds for the May 24, 2019 collection.
- In one (1) instance of twenty-five (25) cash disbursements transactions tested, we were unable to trace a disbursement amount to CFR's general ledger.

Cause

The level of oversight afforded to staff.

Effect or Potential Effect

Noncompliance with established board policy.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are recorded in the general ledger system on a timely basis. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-001

Management's Response and Planned Corrective Action

Management will make changes to its policies to mathematically confirm the deposit amount. May 24, 2019 was our first cash and personal check deposit and we did not have a proactive plan for accurately documenting these deposits. Following an e-mailing exchange with third party financial provider regarding this deposit on June 6 and 7, 2019, we developed a new procedure in which we: photocopied personal checks prior to depositing them and scanned them to third party financial provider; e-mail the third party financial provider in advance of any cash deposits; and included the Iberia bank deposit receipt to confirm deposit totals for all cash deposits. In addition, we have revised our overall deposit documentation to include the date a check is received and the date of deposit to provide more clarity.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-002

Criteria

Management is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to include the timely filing of complete and accurate tax returns.

Condition

We were unable to review and determine the timely filing of Internal Revenue Service (IRS) forms 941 and 944, as applicable for each of the quarters during the year ended June 30, 2019.

Further, it is our understanding through discussion with management that its payroll service provider had responsibility to follow-up with the IRS on the required change in tax filing form status from IRS Form 944 to 941.

In addition, we noted through discussion with management that all funds for the applicable quarters had been deposited with the service provider as of June 30, 2019 for all applicable payroll disbursements.

Cause

Level of oversight of the payroll processing service provider to include monthly reconciliations.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-002

Effect or Potential Effect

Potential for penalties and interest from incorrect and/or timeliness in filed returns.

Recommendation

No recommendation. Subsequent to year end, management has had contact with the IRS and anticipates resolution.

Management's Response and Planned Corrective Action

Late submission of tax forms are due to the change of filing status and the untimely notification of the change with the third party provider. Management will confirm and follow up with third party provider to ensure tax forms are submitted and filed on a timely basis.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-003

Criteria

Management of CFR is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

At June 30, 2019, CFR has \$2,073.18 recorded as a "payroll clearing" payable. However, we are unable to ascertain the validity of the obligation.

Cause

Untimely resolution and completeness in recorded economic events.

Effect or Potential Effect

Potential for overstated financial obligation.

Recommendation

Management should as a part of its monthly and year end closing process, review all significant accounts to ensure the completeness in all recorded economic transactions. All open items should be reconciled and resolved immediately.

Management's Response and Planned Corrective Action

Management will timely review bank reconciliations to ensure only accurate and substantiated entries are proposed, recorded and approved by third party provider.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Numbers

OM 2019-004

Criteria

Management of CFR is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of CFR's internal control processes over its credit card, payroll, and journal entries posted for the test month of December 2018 (month judgementally selected for testing) except for the credit card testing where we used May 2019, revealed the following conditions:

- In three (3) instances of ten (10) credit card transactions, we noted where the supporting documents did not agree to the expense report filed to include incorrect mathematical verification.
- Further four (4) of the referenced credit card transactions lacked the necessary documentation to support expense reported.
- In all instances of two (2) journal entries tested, we noted no documented evidence to support review and approval beyond the preparer.

Cause

The level of oversight afforded to staff.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Numbers, Continued

OM 2019-004

Effect or Potential Effect

Noncompliance with established board policy.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are executed and documented pursuant to established Board policy.

Management's Response and Planned Corrective Action

Management will continue to make changes to its financial procedures to ensure accurate and timely recording to the general ledger to adhere to the established Board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-005

Criteria

Management is responsible for the management of CFR's payroll processes and procedures to ensure compliance with board and regulatory policies.

Condition

- o In two (2) of seven (7) employees tested, we noted the absence of an executed offer of employment on file.
- o In one (1) of seven (7) instances, the employee's State of Louisiana Form L-4 was incomplete.
- o In another instance, the employee's Immigration Form I-9 lacked required supporting documentation on file.
- o In two (2) of the seven (7) employees tested, we noted a variance in our recalculation of their respective gross pay compared to CFR's payroll register.

Cause

Level of oversight over payroll processes.

Effect or Potential Effect

Potential for noncompliance with regulatory and board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-005

Recommendation

Management should revisit with its current oversight to ensure its completeness.

Management's Response and Planned Corrective Action

Management plans to on a semi-annual basis select a sample of payroll files to ensure all required documents are available to ensure completeness and oversight of the employee on-boarding process by third party contractor.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-006

Criteria

Management of CFR is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

Condition

At June 30, 2019, CFR does not have a formalized written deposit policy to address its funds concentration risk for deposits held by an institution on its behalf in excess of the FDIC insurance coverage amount of \$250,000.

Cause

Lack of an established deposit policy to address the risk of funds concentration.

Effect or Potential Effect

Risk associated with the concentration of funds in excess of FDIC coverage.

Recommendation

Management should develop for board approval, a deposit policy that ensures the maintenance of continuous collateral beyond the FDIC coverage by its banker(s).

Management's Response and Planned Corrective Action

Management will discuss with the board and create a written policy to address protecting CFR's deposits in excess of FDIC insurance coverage.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-007

Criteria

Management is responsible for the management of an effective and efficient process to ensure coordination of program and financial transactions to affect in a complete and accurate preparation of financial statements.

Condition

CFR for the year ended June 30, 2019, continued to manage various grants and awards resulting in defined deliverables that lapse with the passage of time and fulfillment of purpose for periods extending beyond its current fiscal year end.

Further, CFR's current program and financial reporting system does not facilitate the timely, complete and accurate preparation of its financial statements pursuant to the executed terms of the referenced grants and awards.

Cause

Coordination and communication between the program and financial departments.

Effect or Potential Effect

Potential impact of the completeness and accuracy of financial statements generated.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-007

Recommendation

Management should develop and implement a coordinated process to facilitate the effective communication between the program and finance departments to minimize, if not eliminate, the need for adjustments at year end.

Management's Response and Planned Corrective Action

Management will develop procedures to ensure the third party consultant has access to any and all grant awards and/or contracts to ensure proper and timely recordation of grant awards.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-008

Criteria

Management is responsible for the establishment and maintenance of current, effective, and efficient policies and procedures to facilitate compliance by personnel pursuant to board policy.

Condition

Our review of CFR's current policies and procedures manual revealed the need for an update to certain sections of its policies and procedures to align with practice.

Cause

Noncompliance with policy requirement for timely update to existing policies.

Effect or Potential Effect

Potential for noncompliance with board policy and nonalignment with practice.

Recommendation

Management should update its current policies and procedures manual for alignment with current practice.

Management's Response and Planned Corrective Action

Management will make updates to its current financial policies and procedures to ensure written policies and procedures align with everyday practices.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-009

Criteria

Management of CFR is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

The accompanying June 30, 2019 financial statements do not include the impact of compensated absence payable, as applicable. We were unable to obtain a cumulative leave schedule to determine the existence of a liability.

Cause

Completeness in recorded economic events.

Effect or Potential Effect

Potential for unrecorded financial obligation.

Recommendation

Management should as a part of its monthly and year end closing process, review all significant general ledger accounts to ensure the completeness in all recorded economic transactions.

Management's Response and Planned Corrective Action

Management will create a procedure to document and accurately state accrued leave for eligible employees at the end of each fiscal year as dictated by policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

CFR's response to the current other matters reported are described in this report under the caption "Management's Response and Planned Corrective Action". We did not audit CFR's response and accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Directors, management of CFR, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

January 28, 2020

CENTER FOR RESILIENCE, INC.
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2019



Member
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Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors
Center for Resilience, Inc.

We have performed the procedures enumerated, which were agreed to by the **Center for Resilience, Inc. (CFR)** and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUP) for the year ended June 30, 2019. **CFR's** management is responsible for those control and compliance areas identified in the SAUP.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the subsequent procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures, related findings, and management's response to the SAUP are as follows:

Written Policies and Procedure

1. Procedure

Obtained and inspected CFR's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and CFR's operations):

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

Finding

CFR's current written policies and procedures do not specifically address budget amendments.

Management's Response

Management will make the necessary updates to its policies and procedures to ensure language regarding amending and approving of budgets are adhered to. In addition, please reference the following sections from the current, approved Fiscal Policies document.

*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.*

Finding

No exceptions noted.

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

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

1. Procedure, 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 .*

Finding

CFR's current written policies and procedures do not specifically address procedures to determine the completeness of all collections.

Management's Response

Management will make the necessary updates to its policies and procedures to ensure steps are written to properly document the process of receipt of funds from collection to recording on the books. We will add more details regarding receipt of checks, preparation of deposit, process to make deposit, and ledger process.

- e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.*

Finding

No exceptions noted.

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

Finding

CFR's current written policies and procedures do not specifically address the types of services requiring written contracts.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

1. Procedure, Continued

Management's Response

Management will make the necessary updates to its policies and procedures to ensure language regarding the types of services that require written contracts are added.

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

Finding

No exceptions noted.

h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Finding

CFR's current written policies and procedures do not specifically address dollar threshold by category of expense.

Management's Response

Management will make the necessary updates to the travel and expense reimbursement policies and procedures to ensure language regarding the dollar thresholds of category by expense are adhered to. This information is listed in the operations manual and will be added to the fiscal policies and procedures.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

1. Procedure, Continued

- i. ***Ethics***, 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) requirement that all employees, including elected officials, annually attest through signature verification that they have read CFR's ethics policy.

Finding

No exceptions noted, as applicable to CFR.

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

Finding

Not applicable.

- k. ***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, process, and tools needed to recover operations after a critical event.

Finding

CFR's current written policies and procedures do not specifically address disaster recovery/business continuity.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Written Policies and Procedures, Continued

Management's Response

Management will make a disaster recovery and business continuity plan that identifies protecting, storing, and updating data after a critical event.

Board of Finance Committee

2. Procedure

Obtained and inspected the board/finance committee minutes for the year ended June 30, 2019, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the year ended June 30, 2019, and:

- a. Observed 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.

Finding

CFR's current by-laws call for bi-monthly board meetings. Noted seven (7) board meetings starting on September 30, 2018 through June 30, 2019 (minutes made available to us for the audit period).

- b. For CFR, reporting on the non-profit accounting model, observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of CFR's collections during the year ended June 30, 2019.

Finding

CFR's financial statement preparation and reporting are performed by a contracted third party. Part of the deliverables for selected meetings included submission of monthly financial statements to the Finance Committee and Board.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Board of Finance Committee, Continued

Management's Response

Management along with the approval of the Board changed meeting frequency to every other month. We will update/amend the fiscal policies to show the change in meeting frequency. The board of directors voted to transition from monthly to bi-monthly meetings on January 14, 2019; therefore, meetings during the year ended 2019 took place in August, 2019; September, 2019; November, 2019; December, 2019 (when CFR began operating as a 501(c)(3); January, 2019; March, 2019, and May, 2019. However, Finance Committee meets during off-months, so third party financial contractor, is still providing monthly financial updates. Third party contract will be updated to provide this information in more detail.

Bank Reconciliations

3. Procedure

Obtained a listing of CFR's bank accounts for the year ended June 30, 2019 from management and management's representation that the listing is complete. Asked management to identify CFR's main operating account. Selected CFR's main operating and only account. We selected one month from the year ended June 30, 2019, obtained and inspected the corresponding bank statement and reconciliation for the selected account, and observed that:

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

Finding

No exceptions noted.

b) Bank reconciliations included 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);

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Bank Reconciliations, Continued

3. Procedure, Continued

Finding

No exceptions noted.

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

Finding

No exceptions noted.

Collections (excluding EFTs)

4. Procedure

We obtained a listing of deposit sites for the year ended June 30, 2019 where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We selected CFR's only deposit site.

Finding

No exceptions noted.

5. Procedure

For the deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We selected the only collection location, obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated at the collection location such that:

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections (excluding EFTs), Continued

5. Procedure, Continued

Finding

No exceptions noted.

- 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.

Finding

No exceptions noted.

- 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.

Finding

No exceptions noted.

- 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.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections (excluding EFTs), Continued

6. Procedure

We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Finding

No exceptions noted.

7. Procedure

We randomly selected two deposit dates for CFR's selected bank account for procedure #3 under "Bank Reconciliations". We obtained supporting documentation for two (2) deposits and:

- a. We observed that receipts are sequentially pre-numbered.

Finding

CFR's current cash collection process does not include the issuance of receipts.

Management's Response

CFR does not issue pre-numbered receipts for deposits.

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Collections (excluding EFTs), Continued

7. Procedure, Continued

Finding

Except as otherwise described under 7a, we further traced funds reported on the deposit tracker and deposit detail reports to the deposit slip noting a variance of \$99 (the deposit detail and deposit slip amounts were less than the deposit tracker reported amount).

Management's Response

Management will update its procedures to include tracking of the date of receipt of the check to our deposit ledger.

- c. We traced the deposit slip total to the actual deposit per the bank statement.

Finding

No exceptions noted.

- d. We observed 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).

Finding

We were unable to determine the timeliness in the deposit of funds collected as CFR's procedures do not dictate the login date for funds collected.

Management's Response

Management will update its current procedures to include tracking collection dates to maintain timely deposit of funds collected.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

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

7. Procedure, Continued

- e. We traced the actual deposit per the bank statement to the general ledger.

Finding

No exceptions noted.

8. Procedure

We obtained a listing of locations that process payments for the year ended June 30, 2019 and management's representation that the listing is complete. We selected CFR's only location.

Finding

No exceptions noted.

9. Procedure

For the selected location under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed 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.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

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

9. Procedure, Continued

Finding

No exceptions noted.

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

Finding

No exceptions noted.

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

Finding

No exceptions noted.

- 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.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

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

10. Procedure, Continued

For the location selected under procedure #8, we obtained CFR's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected five (5) disbursements for each location, obtained supporting documentation for each transaction and:

- a. We observed that the disbursement matched the related original invoice/billing statement.

Finding

No exceptions noted.

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

Finding

No exceptions noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

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

11. Procedure

We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the year ended June 30, 2019, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

Finding

No exceptions noted.

12. Procedure

Using the listing prepared by management, we selected CFR's only card used during the year ended June 30, 2019. We randomly selected one monthly statement or combined statement for the card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:

- a. We observed 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards/P-Cards, Continued

12. Procedure, Continued

- b. We observed that finance charges and late fees were not assessed on the selected statements.

Finding

For the May 2019 statement reviewed, we noted an assessed late fee for \$35.

Management's Response

The payment was late due to a change in reporting procedures to include detailed expenditure documentation. We have implemented reporting procedures and they are being followed to ensure timely payments.

13. Procedure

Using the monthly statements or combined statements selected under procedure #12, excluding fuel cards, we randomly selected ten (10) transactions (or all transactions if less than 10) from the statement, and obtained supporting documentation for the transactions. For each transaction, observed 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).

Finding

In three (3) of ten (10) instances, the credit card expense report filed did not agree to the related supporting documents.

Further, in four (4) of the referenced transactions, we were unable to test the credit card transactions due to lack of supporting documentation.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Credit Cards/Debit Cards/Fuel Cards/P-Cards, Continued

13. Procedure, Continued

Management's Response

Management has updated its credit policy and procedures to correct this issue.

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

14. Procedure

We obtained from management a listing of all travel-related expense reimbursements during the year ended June 30, 2019 and management's representation that the listing or general ledger is complete. We randomly selected five (5) reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five (5) reimbursements selected:

- a. If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration.

Finding

Not applicable.

- b. If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Travel and Travel-Related Expense Reimbursements (excluding card transactions), Continued

14. Procedure, Continued

Finding

No exceptions noted.

- c. We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Finding

No exceptions noted.

- d. We observed that each reimbursement was reviewed and approved in writing by someone other than the person receiving reimbursement.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Contracts

15. Procedure

We obtained 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 year ended June 30, 2019. We obtained management's representation that the listing is complete. We randomly selected five (5) contracts from the listing, and;

- a. We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised) if required by law.

Finding

Not applicable.

- b. We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Finding

No exceptions noted.

- c. If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Contracts, Continued

15. Procedure, Continued

- d. We randomly selected one payment from the year ended June 30, 2019 for each of the five (5) contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Finding

In one (1) instance of five (5) contracts selected, we noted where the invoice was overpaid by \$27.00 due to a clerical error on the invoice.

Management's Response

Management will revisit with its current practice to ensure that the mathematical accuracy of all future invoices is ascertained prior to payment.

Payroll and Personnel

16. Procedure

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five (5) employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Finding

No exceptions noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

17. Procedure

We randomly selected one pay period during the year ended June 30, 2019. For the five (5) employees/officials selected under procedure #16, we obtained attendance records and leave documentation for the pay period, and:

- a. We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Finding

For the only hourly employee in the sample of five (5) employees tested, we noted documented evidence of attendance for the pay period. Further, we noted no documented evidence of leave used for four (4) of the five (5) employees selected for testing.

Management' Response

Management will review and comply with its Team handbook to provide employees with all approved benefits.

- b. We observed that supervisors approved the attendance and leave of the selected employees/officials.

Finding

Noted no documented evidence of approved attendance to include leave accrued and/or use for all selected employees. See 17c for further discussion.

Management's Response

Management will adhere to its policies and procedures and provide physical evidence of approved time and attendance and leave request.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

17. Procedure, Continued

- c. We observed that any leave accrued or taken during the pay period is reflected in CFR's cumulative leave records.

Finding

Eligible employees are credited at the beginning of the year with their total leave available. Further, based on our review, we were unable to determine if any leave was used for the pay period selected for testing.

Management's Response

Management will review and comply with its Team Handbook to provide employees with all approved benefits.

18. Procedure

We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two (2) employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulative leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Finding

Based on our discussion with management, staff terminated during the year ended June 30, 2019 are 10-month employees and not entitled to termination leave pay.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Payroll and Personnel, Continued

19. Procedure

We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Finding

Internal Revenue Service Form 941 were not filed on a timely basis for the first and second quarters ended on March 31, 2019 and June 30, 2019.

Management's Response

CFR was not made aware of this concern until the Internal Revenue Service appeared on site. We contacted our third party contractor, who then contacted our Paycheck system to ensure the issue was addressed. Late submission of tax forms are due to the change of filing status and the timely notification of the change with the third party provider. Management will confirm and follow up with third party provider to ensure tax forms are submitted and filed on a timely basis.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Ethics

20. Procedure

Using the five (5) randomly selected employees/officials from procedure #16 under "Payroll and Personnel" we obtained ethics documentation from management, and:

- a. We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the year ended June 30, 2019.

Finding

CFR hired most of its current employees effective December 2018 for a calendar year ethics training due by December 31, 2018. However, we noted completion of referenced training by several employees between August 1, 2019 and January 21, 2020.

Management's Response

The Center for Resilience is the former New Orleans Therapeutic Day Program, a department the Recovery School District of Louisiana, itself a department of the Louisiana Department of Education. The transition from state agency to non-profit took place effective December 1, 2018. All staff members "hired" by the Center for Resilience were employed by the Recovery School District until November 30, 2018. As such, they took the required annual state ethics training in August 2018. We determined they did not need to take the state ethics training a second time in December 2018. The State Department of Education kept records regarding the completion of the ethics training in 2018 and CFR does not have these records. All employees completed ethics training in 2019.

- b. We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the CFR's ethics policy during the fiscal year ended June 30, 2019.

Finding

No exceptions noted as applicable to CFR.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)**

Debt Service

21. Procedure

We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.

Finding

Not applicable.

22. Procedure

We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one (1) bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

Finding

Not applicable.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

Other

23. Procedure

We obtained a listing of misappropriations of public funds and assets during the year ended June 30, 2019 and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that CFR reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Finding

No exceptions noted.

24. Procedure

We observed that CFR 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.

Finding

Noted no publication on CFR's premises and website pursuant to R.S. 24:523.1.

Management's Response

Management will post fraud report notification in a central location at CFR's site.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES
(CONTINUED)

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those control and compliance 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance 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 Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

January 28, 2020