



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

PROPELLER: A FORCE FOR SOCIAL INNOVATION
CONSOLIDATED FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Propeller: A Force for Social Innovation

Opinion

We have audited the accompanying consolidated financial statements of Propeller: A Force for Social Innovation and its subsidiary (collectively referred to as "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis. This schedule is required by the Louisiana Legislative Auditor and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Propeller’s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Luther Speight & Company CPAs
New Orleans, LA
June 18, 2024

Propeller: A Force For Social Innovation
Consolidated Statement of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 2,067,854	\$ 1,408,726
Grants and Contributions Receivable	556,656	49,365
Prepaid Expense	16,465	11,797
Investments	257,608	228,470
Fixed Assets, Net	1,993,574	1,998,625
Total Assets	\$ 4,892,157	\$ 3,696,983
 Liabilities		
Liabilities		
Accounts Payable	\$ 27,726	\$ 259,511
Grants Payable	100,500	-
Accrued Expenses	19,933	11,333
Payroll Liabilities	20,499	18,984
Notes Payable	1,351,660	1,263,171
Total Liabilities	1,520,318	1,552,999
 Net Assets		
Without Donor Restrictions	1,006,168	1,025,605
With Donor Restrictions	2,365,671	1,118,379
Total Net Assets	3,371,839	2,143,984
Total Liabilities and Net Assets	\$ 4,892,157	\$ 3,696,983

The accompanying notes are an integral part of the consolidated financial statements.

Propeller: A Force For Social Innovation
Consolidated Statement of Activities
For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
Public Support and Revenues						
Grant and Contribution Income	\$ 565,725	\$ 2,661,474	\$ 3,227,199	\$ 172,309	\$ 1,485,130	\$ 1,657,439
Membership Income	29,060	-	29,060	1,632	-	1,632
PPP Loan Forgiveness	-	-	-	231,250	-	231,250
Miscellaneous Income	22,996	-	22,996	327,117	-	327,117
Membership Rent Income	149,358	-	149,358	13,032	-	13,032
Released From Restrictions	1,414,182	(1,414,182)	-	1,458,330	(1,458,330)	-
Total Public Support and Revenues	<u>2,181,321</u>	<u>1,247,292</u>	<u>3,428,613</u>	<u>2,203,670</u>	<u>26,800</u>	<u>2,230,470</u>
Expenses						
Program Services	1,493,962	-	1,493,962	1,363,652	-	1,363,652
Management and General	515,842	-	515,842	399,106	-	399,106
Fundraising	190,954	-	190,954	218,993	-	218,993
Total Expenses	<u>2,200,758</u>	<u>-</u>	<u>2,200,758</u>	<u>1,981,751</u>	<u>-</u>	<u>1,981,751</u>
Change in Net Assets	(19,437)	1,247,292	1,227,855	221,919	26,800	248,719
Net Assets Adjustments	-	-	-	293,090	-	293,090
Net Assets, Beginning of Year	<u>1,025,605</u>	<u>1,118,379</u>	<u>2,143,984</u>	<u>510,596</u>	<u>1,091,579</u>	<u>1,602,175</u>
Net Assets, End of Year	<u>\$ 1,006,168</u>	<u>\$ 2,365,671</u>	<u>\$ 3,371,839</u>	<u>\$ 1,025,605</u>	<u>\$ 1,118,379</u>	<u>\$ 2,143,984</u>

The accompanying notes are an integral part of the consolidated financial statements.

Propeller: A Force For Social Innovation
Consolidated Statement of Functional Expenses
For the Years Ended December 31, 2023 and 2022

	Program Services								Supporting Services			2023	2022	
	Food	Water	Access to Capital	Impact Accelerator	Impact	Policy and Advocacy	Alumni	SVF	Facility	Program Total	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	-	-	122,635	222,682	99,839	157,360	49,796	-	116,161	768,473	127,501	161,000	1,056,974	1,026,372
Fringe Benefits	-	-	6,044	18,569	11,987	12,335	1,949	-	8,845	59,729	9,110	10,148	78,987	93,762
Payroll Taxes	-	-	8,835	16,041	7,194	11,335	3,588	-	8,384	55,377	9,636	11,593	76,606	72,892
Meals & Entertainment	-	-	1,103	10,889	-	1,159	175	-	-	13,326	2,497	-	15,823	8,047
Contractual/Professional Fees	-	-	310,777	51,437	-	28,688	5,418	-	20,894	417,214	75,405	3,025	495,644	465,549
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	60,479	-	60,479	34,113
Fees, Taxes, and Assessments	-	-	-	-	-	-	-	-	-	-	24,172	-	24,172	13,384
Insurance	-	-	-	-	-	-	-	-	-	-	15,562	-	15,562	16,906
Interest Expense	-	-	-	-	-	-	-	-	-	-	54,768	-	54,768	53,321
Marketing	-	-	-	1,950	-	-	-	-	-	1,950	21,765	-	23,715	6,033
Other Expenses	-	-	971	24,871	1,389	1,057	467	-	15,125	43,880	109,999	1,165	155,044	52,670
Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	45,000
Repairs & Maintenance	-	-	-	-	-	-	-	-	4,594	4,594	-	-	4,594	21,976
Subscription & Dues	-	-	-	-	-	-	-	-	-	-	-	-	-	15,812
Supplies	-	-	837	4,786	5,880	2,626	5,057	-	54,608	73,794	4,948	4,023	82,765	31,975
Utilities Expenses	-	-	-	-	-	-	-	-	55,625	55,625	-	-	55,625	23,936
Sub-Totals	\$ -	\$ -	\$ 451,202	\$ 351,225	\$ 126,289	\$ 214,560	\$ 66,450	\$ -	\$ 284,236	\$ 1,493,962	\$ 515,842	\$ 190,954	\$ 2,200,758	\$ 1,981,751

The accompanying notes are an integral part of the consolidated financial statements.

Propeller: A Force For Social Innovation
Consolidated Statement of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,227,855	\$ 248,719
Net Assets Adjustments	-	293,090
Adjustments to reconcile changes in net assets to net cash provided in operating activities:		
Depreciation	60,479	34,113
PPP Loan Forgiveness	-	(231,250)
Net (Appreciation)/Depreciation on Investments	(29,138)	31,780
(Increase)/Decrease in the following assets:		
Grants Receivable	(507,291)	177,505
Prepays	(4,668)	(3,171)
Other Assets	-	910
Increase/(Decrease) in the following liabilities:		
Accounts Payable	(231,785)	233,081
Grants Payable	100,500	
Accrued Liabilities	8,600	4,450
Payroll Liabilities	1,515	254
Net Cash Provided by Operating Activities	<u>626,067</u>	<u>789,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	(55,428)	(709,229)
Net Cash Used In Investing Activities	<u>(55,428)</u>	<u>(709,229)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of Notes Payable, Net	88,489	(33,255)
Net Cash Provided (Used) by Financing Activities	<u>88,489</u>	<u>(33,255)</u>
Net Change in Cash and Cash Equivalents	659,128	46,997
Beginning Cash and Cash Equivalents	<u>1,408,726</u>	<u>1,361,729</u>
Ending Cash and Cash Equivalents	<u>\$ 2,067,854</u>	<u>\$ 1,408,726</u>

The accompanying notes are an integral part of the consolidated financial statements.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – Background and Nature of Operations

Propeller: A Force for Social Innovation (formerly Social Entrepreneurs of New Orleans, Inc.) ("Propeller") is a 501(c)(3) non-profit corporation incorporated on August 26, 2008 under the laws of the State of Louisiana. It is dedicated to supporting social innovation in New Orleans. The Organization's mission is to grow and support entrepreneurs to tackle social and environmental disparities. Propeller envisions an inclusive and thriving entrepreneurial ecosystem that responds to community needs and creates the conditions for an equitable future.

The Organization seeks to grow wealth and well-being in New Orleans communities to advance economic justice and close racial disparities. Propeller supports entrepreneurs, with a focus on those who are Black, native New Orleanians, who view their businesses as a catalyst for positive change in their community and those who advance anti-racism initiatives.

Propeller had a wholly owned for profit subsidiary, HUB NOLA LLC ("HUB NOLA"). HUB NOLA supported Propeller's public benefit goals and was responsible for operating and leasing company working space at the social innovation facility located at 4035 Washington Avenue, New Orleans, Louisiana. HUB NOLA was dissolved in 2022 and Propeller now operates the working space.

NOTE 2 – Summary of Significant Accounting Policies

Principles of Accounting

Propeller's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred in accordance with generally accepted accounting principles.

Basis for Consolidation

All inter-company balances have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. For the purposes of the statement of cash flows, Propeller considers all highly liquid debt instruments purchased with a maturity of three months or less redeemable without penalty for the early withdrawal, to be cash equivalents. The Organization held no cash equivalents at December 31, 2023 and 2022.

Grants and Contribution Receivables

Receivables, consisting of grants, contributions, and other receivables, are stated at the amount management expects to collect from outstanding balances. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. At December 31, 2023 and 2022, the Organization did not deem any receivables to be uncollectible.

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless their use is with restrictions by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restriction unless the use is restricted by the donor. FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

Investments other than mutual funds are valued at the fair value of the trust investments as reported to the Organization by the trustees and include the use of Net Asset Values (NAV) as the primary input to measure fair value.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Property and equipment are stated at cost, net of accumulated depreciation. The Organization capitalizes property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 5 years for computers, copiers, and furniture, 10 years for equipment, and 27.5 years for the building.

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2023 and 2022.

Income Taxes

Propeller is a not-for-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of I.R.S. 47: 121(5).

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into two net asset categories which are without donor restrictions and with donor restrictions. A description of these two net asset categories is 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 the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.
- Net assets with donor restrictions are subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of expenses have been specifically identified with a program or supporting service.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, which is more than trivial, must be overcome before the revenue can be earned and recognized.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – Summary of Significant Accounting Policies (continued)

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome, and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Rental income is recognized as the rent becomes due, which is when the relevant performance obligations are fulfilled. Rental payments received in advance are deferred until earned. The Organization has applied the revenue recognition standard, ASU Topic 606, to rental income. All leases between the Organization and the tenants of the property are operating leases.

Donated Services

Members of the Organization's board of directors and other volunteers have made significant contributions of their time to assist in the Organization's operations and related charitable programs. The value of this contributed time is not recorded in these consolidated financial statements because it does not meet the requirements to be recorded in accordance with U.S. Generally Accepted Accounting Principles.

Recent Accounting Pronouncements

On September 17, 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's fiscal year ending December 31, 2023. During the year ended December 31, 2023, the Organization did not receive any contributions of non-financial assets.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. As of December 31, 2023, the Organization's leases do not qualify for recognition per the new lease standards.

NOTE 3 – Investments

The Organization maintains a permanent endowment fund at the Greater New Orleans Foundation (GNOF). The endowment fund generates annual investment income for the Organization to initiate, finance, and sustain its programs. The balance of the fund as of December 31, 2023 was \$257,608. The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023 and 2022:

December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
GNOF Investment Pool	\$ -	\$ 257,608	\$ -	\$ 257,608
Total Investments	<u>\$ -</u>	<u>\$ 257,608</u>	<u>\$ -</u>	<u>\$ 257,608</u>

December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
GNOF Investment Pool	\$ -	\$ 228,470	\$ -	\$ 228,470
Total Investments	<u>\$ -</u>	<u>\$ 228,470</u>	<u>\$ -</u>	<u>\$ 228,470</u>

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 – Fixed Assets

Fixed Assets are summarized as follows at December 31, 2023:

<u>Asset Description</u>	<u>2023</u>	<u>2022</u>
Land	\$ 485,000	\$ 485,000
Furniture and Fixtures	49,328	33,136
Buildings and Improvements	1,640,397	1,601,160
	<u>2,174,725</u>	<u>2,119,296</u>
Accumulated Depreciation	(181,151)	(120,671)
Property and Equipment, net	<u>\$ 1,993,574</u>	<u>\$ 1,998,625</u>

The Organization recorded \$60,479 and \$34,113 in depreciation expenses for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 – Concentrations of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

NOTE 6 – Liquidity and Availability of Resources

The following presents the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year at December 31, 2023 and 2022:

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 – Liquidity and Availability of Resources (Continued)

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 2,067,854	\$ 1,408,726
Grants and contributions receivables	556,656	49,365
Total financial assets at year-end	2,624,510	1,458,091
Less amounts not available to be used within one year for general expenditures:		
Net assets with donor restrictions	2,365,671	1,118,379
Less: net assets with donor restrictions to be met in less than one year	(2,365,671)	(1,118,379)
	-	-
Financial assets available for general expenditures within one year	\$ 2,624,510	\$ 1,458,091

The Organization’s goal is to maintain a target cash reserve of two months of operating expenses, which is approximately \$250,000 to \$500,000. The Organization also maintains a \$100,000 line of credit available to meet cash flow needs.

NOTE 7 – Line of Credit

In 2014, the Organization established a line of credit with a maximum borrowing amount of \$100,000. The line of credit was renewed in 2022. The interest rate is based on 4.00 percentage points over the Wall Street Journal prime rate which resulted in an interest rate of 7.25% at December 31, 2022. At December 31, 2023 and 2022, the balance of the line of credit was \$0. The line of credit was not used during the 2023 or 2022 fiscal years.

NOTE 8 – Notes Payable

During 2019, a building acquisition was debt financed by a loan with Liberty Bank for \$1,088,000 and an unsecured note with a related party in the amount of \$136,000. The loan with Liberty Bank is a 25-year maturity/25-year amortization note, with an interest rate of 5.15% fixed for the first five years. The rate will automatically reset at Wall Street Journal Prime index plus 0.75 every five years. Principal payments commenced in July 2019.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 – Notes Payable (Continued)

In November 2020, the Organization refinanced the loan, reducing the interest rate to 4.75% for 42 months starting in December 2020. In June 2024, the rate will reset at Wall Street Journal Prime index plus 0.75 for the rest of the loan term. The loan is collateralized with deposit accounts, pledges of leases and rents, and real (immovable) property and all of the Organization’s personal (movable) property rights with the exception of restricted grant revenues. At December 31, 2023 and 2022, the balance outstanding was \$1,003,868 and \$1,029,197, respectively. The related party note is repayable over 15 years and bears interest at 3%. Principal payments commenced in June 2019. As of December 31, 2023 and 2022, the balance outstanding on the related party note was \$101,403 and \$109,404, respectively.

During the year ended December 31, 2020, the Organization applied for and was approved for a \$150,000 economic injury disaster loan administered by the U.S. Small Business Association as part of the relief efforts related to COVID-19 global pandemic. As part of the loan agreement, the Organization must use all of the proceeds solely as working capital to alleviate economic injury caused by the COVID-19 global pandemic. The loan has an annual interest rate of 2.75% and matures in July 2050. The loan requires monthly principal and interest payments of \$641 beginning in January 2023 and is secured by substantially all assets of the Organization. At December 31, 2023 and 2022, the balance on the loan was \$146,593 and \$149,900, respectively.

During the year ended December 31, 2023, the Organization applied for and was approved for a \$126,900 secured disaster loan administered by the U.S. Small Business Association. As part of the loan agreement, the Organization must use the proceeds solely to rehabilitate or replace property of the Organization damaged or destroyed by Hurricane Ida. The loan has an annual interest rate of 2.00% and matures in December 2037 and is secured by substantially all assets of the Organization. At December 31, 2023, the balance on the loan was \$126,900, as the Organization was not required to make payments until June 2024.

The notes payable at December 31, 2023 mature as follows:

<u>December 31,</u>	<u>Amount</u>
2024	88,131
2025	92,989
2026	99,826
2027	100,096
2028	100,373
Thereafter	870,245
Total	<u>\$ 1,351,660</u>

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9 – Economic Dependency

The primary sources of revenues for the Organization are grants and contributions provided through various funding agencies. Continued operations are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding. In 2023, the Organization had three major grantors that accounted for approximately 44% of total revenue. In 2022, the Organization had three major grantors that accounted for approximately 47% of total revenue.

NOTE 10 – Net Assets with Donor Restrictions

The Organization has the following net assets with donor restrictions as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
General Operations - Time Purpose	\$ 639,737	\$ -
Procurement - Purpose	123,398	-
Access to Capital - Purpose	786,540	189,922
Building Reserve Fund - Purpose	340,000	250,000
Donor Restricted Endowment - Perpetual in Nature	257,608	217,750
Green Infrastructure - Time and Purpose	-	48,333
New Orleans Healthy Corner Store Collaborative - Purpose	-	5,000
Policy/Advocacy - Time and Purpose	-	25,000
Propeller Impact Accelerator - Time and Purpose	218,388	278,617
The Water Challenge Program - Time and Purpose	-	103,757
Total	<u>\$ 2,365,671</u>	<u>\$ 1,118,379</u>

NOTE 11 – Contingencies

From time to time, the Organization is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 12 – Related Parties

During the year ended December 31, 2023, the Organization was awarded a grant by W.K. Kellogg Foundation totaling \$715,000, which was recognized as grants and contributions revenue for the year ended December 31, 2023. During the year ended December 31, 2022, the Organization recognized \$600,000 as grants and contributions revenue from the same related party. A member of the Organization's board is employed by the W.K. Kellogg Foundation. During 2023, the Organization was also awarded a \$75,000 grant from the RosaMary Foundation. A member of the Organization's board also sits on the RosaMary Foundation's board.

NOTE 13 – Grants Payable

During the year ended December 31, 2023, Propeller entered into a contract with three local nonprofit organizations to provide funding to assist small business owners overcome common barriers to access capital. The total amount Propeller agreed to fund was \$335,000. The contract requires payments to be made in full no later than August 31, 2024. As of December 31, 2023, the balance for grant payables was \$100,500.

NOTE 14 – Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued on June 18, 2024 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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*

To the Board of Directors of
Propeller: A Force for Social Innovation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Propeller: A Force for Social Innovation (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Compliance and Other Matters

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

Purpose of This Report

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



Luther Speight & Company CPAs
New Orleans, Louisiana
June 18, 2024

PROPELLER: A FORCE FOR SOCIAL INNOVATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Organization.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements were reported in the 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*.
4. A management letter was not issued for the year ended December 31, 2023.

SECTION II - FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted.

**PROPELLER: A FORCE FOR SOCIAL INNOVATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION I - FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted in 2022.

**PROPELLER: A FORCE FOR SOCIAL INNOVATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

**Total compensation, benefits,
and other payments**

\$ 0

There were no compensation, benefits, or payments to the agency head that were derived from public funds, including state, local, and federal pass-through for the years ended December 31, 2023 and 2022.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

PROPELLER: A FORCE FOR SOCIAL INNOVATION

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Propeller 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's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Propeller's management is responsible for those C/C areas identified in the SAUPs.

Propeller has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. 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

Results: *The policies and procedures appropriately address the required elements above.*

- 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.

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

- 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).

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

- 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

Results: The entity does not require legal review of contracts. A contract template is in place that was reviewed by lawyers. Anything that is out of the ordinary would be reviewed by the Finance Committee and any legal professionals that sit on the Board. All staff members are responsible for monitoring their contractors and a status update is requested during the monthly closing process.

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

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

- 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 the entity's ethics policy.

Results: Not applicable, as the Entity is a nonprofit.

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

Results: Not applicable, as the Entity is a nonprofit.

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

Results: Information regarding use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event was not detailed in the Entity's Financial Policies and Procedures.

Management's Response: All Propeller provided laptops have antivirus software and are on auto-update for software updates. All data is stored in cloud through GSuite. We don't store files on hard drives.

- 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.

Results: Not applicable, as the Entity is a nonprofit.

Board or Finance Committee

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

- a) Observe 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.

Results: *The board met in January, March, May, July, October and December of 2023. No exceptions noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: *The Entity reports on the nonprofit model. We observed that the minutes referenced financial activity of the Entity on a monthly basis, including any public funds. No exceptions noted.*

- 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.

Results: *Not applicable, as the Entity is a nonprofit.*

- 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: *Not applicable, as no audit findings were reported in the prior year's audit report.*

Bank Reconciliations

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

Results: *We obtained a listing of bank accounts and management's representation that the listing is complete.. We selected the month of December 2023 for the testing below.*

- 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);

Results: *Per our review of all bank reconciliations and bank statements, we noted that all had evidence (date and electronic signature) of being reconciled within 2 months of the related statement closing date. No exceptions noted.*

- 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

Results: *We observed that the bank reconciliations did not include evidence of review within 1 month of the date the reconciliation was prepared.*

Management's Response: *Propeller provided all bank reconciliations and approvals. To ensure all bank reconciliations are reviewed within a month of being prepared, the Controller will ensure tasks are assigned to the Co-CEO in a timely manner. In 2023, there was staff turnover that caused a delay in the timing of bank reconciliations being completed.*

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

Results: *We noted that one account (Capital One – Operating) statement had reconciling items that have been outstanding for more than 12 months from the fiscal year-end. Documentation reflecting management's research of those items has not been provided.*

Management's Response: *Propeller will add research review of reconciling items to the month close checklist in Asana, Propeller's project management software.*

Collections

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 all deposit sites (or all deposit sites if less than 5).

Results: *The Propeller Office located at 4035 Washington Ave., New Orleans, LA, 70125 is the only deposit site where deposits for cash/checks/money orders (cash) are prepared.*

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., 2 collection locations for 2 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:

Results: *The Propeller Office is the only collection location. Employees have different responsibilities related to job duties noted in the Entity's written policies and procedures. Per management, the Coworking Operations Manager retrieves mail and delivers it to the Propeller Office. He also collects cash and records it on a cash/check collection sheet. Collections are placed in a secure lockbox until they are deposited. The Controller sorts through Propeller mail and hands any checks/payments to the COO or the Director of Capital Access to open and record on a cash/check collections sheet. At the end of the week, if there are any collections, the Controller makes the deposit.*

- a) Employees 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.
 - 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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: *Propeller provided a copy of an insurance policy that was enforced during the fiscal period that covers all employees who have access to cash. No exceptions noted.*

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:

Results: *We randomly selected two deposits dates for each bank account selected for procedure 3 above, obtained supporting documentation for each deposit, and performed the procedures below. We noted no exceptions.*

- 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 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.

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

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

Results: *Management confirmed that payment processing is performed online through Bill.com.*

9. For each location 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:

Results: *We obtained a listing of the employees involved and the written policies and procedures relating to employee job duties relating to non-payroll purchasing and payment functions and observed that the job duties are properly segregated. The CEO is the payor and approver for all bills. The Controller processes all bills/invoices electronically through bill.com and she is the approver for the finance and coworking departments. She also processes the credit card requests from other departments.*

The Coworking Operations Manager receives mail and scans any invoices/bills and sends them to the Bill.com inbox.

- 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.
10. For each location selected under #3 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:

Results: We noted no exceptions during our examination of non-payroll disbursements.

- 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 whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3(a), randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements

Results: We noted no exceptions during our examination of non-payroll disbursements.

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

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.

Results: *We obtained a listing of all active cards, which consisted of only credit cards, and management's representation that the listing was 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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: *We noted there is evidence showing that the statements were reviewed and approved electronically by someone other than the authorized card holder.*

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

Results: *We noted there were no finance charges or late fees assessed on any of the selected statements.*

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

Results: *The Entity supplied receipts and documentation for the selected transactions. We noted no exceptions.*

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

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, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: Not applicable. All selected samples were not reimbursed using per diem.

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

Results: Reimbursements were supported by the original itemized receipts. No exceptions noted.

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

Results: Each reimbursement was supported by documentation detailing the business/public purpose for the charge. No exceptions noted.

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

Results: Each reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement. No exceptions noted.

Contracts

- 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.

Results: Not applicable. We noted that none of the vendors selected were subject to the Louisiana Public Bid 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).

Results: *Not applicable. We noted the Entity is not required to obtain board approval for contracts.*

- 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).

Results: *We noted that of the selected contracts, one was amended. We observed that the original contract terms provided for such an amendment and that the amendment was made in compliance with the contract terms. No exceptions noted.*

- 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: *We obtained a supporting invoice for each of the contracts and agreed the payment to the contract terms without exception.*

Payroll and Personnel

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

Results: *We obtained a listing of employees who were employed during the fiscal period and management's representation that the listing was complete. We noted the pay rates in the personnel files of the selected employees agreed to the payroll register. No exceptions noted.*

- 18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected above, obtain attendance records, and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a 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 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.

Results: *Per Propeller's policy, all PTO balances are maintained within the accounting system and updated annually or at the time of an employee's departure based on the information in the PTO accrual spreadsheet. The PTO accrual spreadsheet is updated on a monthly basis. We observed that selected employees documented their daily attendance and leave, supervisors approved attendance and leave, leave accrued and taken were reflected in the cumulative records, and the rates paid to the employees agreed to authorized salary/pay rates found within the personnel files. No exceptions were noted.*

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.

Results: *We obtained a listing of employees who received termination payments during the fiscal period and management's representation that the list was complete. We selected the only employee and obtained related documentation of hours and pay rates used in management's termination payment calculations. We agreed the hours to the employee's cumulative leave records and agreed the pay rates to the employee's personnel file with no exceptions.*

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: *All employer and employee portions of third-party payroll and related amounts have been paid, and any associated forms have been filed by the required deadlines.*

Ethics

Results: *Section is not applicable, as the Entity is a non-profit.*

Debt Service

Results: *Section is not applicable, as the Entity is a non-profit.*

Fraud Notice

21. 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.

Results: No misappropriations of public funds and assets were noted.

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

Results: No exceptions noted. The required notice above is present on the Entity's website and on its premises.

Information Technology Disaster Recovery/Business Continuity

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

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

Results: We noted no exceptions. LSC obtained written documentation showing the Entity backs up critical data to Google Drive and Dropbox. Critical data backup is tested on a regular basis. Entity does not utilize a physical medium. All files are backed up electronically.

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

Results: We noted no exceptions. LSC obtained written documentation showing the Entity performs restoration on a regular basis. Propeller uses Norton Life Lock for security software.

- 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.

Results: We noted no exceptions. LSC obtained a listing of the Entity's computers currently in use along with their locations. All selected computers have current and active antivirus software and the operating system and accounting system software in use are currently supported.

- d) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in prior procedures. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We noted no exceptions. We selected all former employees from the list. The Entity provided documentation showing the terminated employee had been removed from the network.

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

Results: We performed the procedures above and noted no exceptions.

Sexual Harassment

Results: Not applicable, as the Entity is a nonprofit.

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co", is written in a cursive style.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 18, 2024