ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

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CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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September 30, 2019

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Postlethwaite & Netterville

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Advocacy Center and Eighth Muse, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Advocacy Center and Eighth Muse, Inc. (non-profit organizations), which comprise the consolidated statement of financial position as of September 30, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the entity'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 consolidated financial statements.

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

Postlethwaite & Netterville

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Advocacy Center and Eighth Muse, Inc. as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2, errors resulting in a misstatement of the 2018 consolidated financial statements were noted. Accordingly, the net assets as of September 30, 2018 have been restated to correct these errors. The consolidated financial statements of the Advocacy Center and Eighth Muse, Inc. as of and for the year ended September 30, 2018, were audited by another auditor whose report dated February 14, 2019, expressed an unmodified opinion on those statements.

As discussed in Note 2 to the consolidated financial statements, Advocacy Center and Eighth Muse, Inc. adopted Accounting Standards Update (ASU) No. 2016-14 *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities* in the current year related to the presentation of financial statements.

As discussed in Note 14 to the consolidated financial statements, on March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards on page 27, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020, on our consideration of Advocacy Center and Eighth Muse, Inc.'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 Advocacy Center and Eighth Muse, Inc.'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 Advocacy Center and Eighth Muse, Inc.'s internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
September 15, 2020

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

Assets		
Cash	$	953,272
Investments		376,265
Grants receivable		493,405
Prepaid expenses and deposits		24,743
Property, furniture and equipment - net		1,135,065
Total assets	$	2,982,750
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$	182,647
Accrued vested annual leave benefits		108,277
Notes payable		883,062
Total liabilities		1,173,986
Net Assets		
Without donor restrictions		1,808,764
Total net assets		1,808,764
Total liabilities and net assets	$	2,982,750

The accompanying notes are an integral part of this consolidated financial statement.

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions
Revenue	
Grants	$ 3,414,985
Contributions	132,434
Attorney fees	55,500
Other	38,272
Investment income, net	21,904
Total revenues	3,663,095
Expenses	
Salaries	2,344,906
Fringe benefits	416,645
Operating expenses	184,243
Informational technology service contracts	102,589
Consultant fees	115,296
Travel	79,674
Contractual services	41,491
Miscellaneous	199,794
Interest expense	46,234
Depreciation expense	32,875
Equipment expenses	3,688
Total expenses	3,567,435
Change in net assets	95,660
Net assets, beginning of year (restated)	1,713,104
Net assets, end of year	$ 1,808,764

The accompanying notes are an integral part of this consolidated financial statement.

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Programs						
	Protection and Advocacy for the Developmentally Disabled	Protection and Advocacy for Individuals with Mental Illness	Protection and Advocacy of Individual Rights	Community Living Ombudsman Program	Louisiana Department of Justice Supported Independent Living Advocacy Program	City of New Orleans Housing Assistance Plus Program	Protection and Advocacy for Beneficiaries with Representative Payees
Salaries	$ 359,998	$ 290,588	$ 131,634	$ 615,065	$ 83,656	$ 82,167	$ 224,023
Fringe benefits	60,727	46,310	22,271	116,198	15,963	14,302	50,212
Operating expenses	12,050	8,759	4,029	49,304	3,149	2,088	26,262
Informational technology servic	13,104	11,331	5,196	27,379	4,030	3,647	12,874
Consultant fees	11,139	7,152	8,050	17,345	2,277	1,645	6,493
Travel	6,106	15,242	1,686	34,199	1,544	1,483	9,028
Contractual services	6,809	6,888	1,812	9,617	1,271	1,411	3,372
Miscellaneous	29,964	23,129	11,756	49,004	8,182	6,544	23,042
Interest expense	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Equipment expenses	784	681	316	274	235	145	92
Total expenses	$ 500,681	$ 410,080	$ 186,750	$ 918,385	$ 120,307	$ 113,432	$ 355,398

(continued)

The accompanying notes are an integral part of this consolidated financial statement.

ADVOCACY CENTER
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EIGHTH MUSE, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(CONTINUED)

	Programs				Supporting Services			
	Financial Access Inclusion and Resources	South Louisiana Benefits Planning Program	Other Programs	Total Program	Management and General	Eighth Muse	Fundraising	Total
Salaries	$ 65,133	$ 112,904	$ 271,809	$ 2,236,977	$ 107,929	$ -	$ -	$ 2,344,906
Fringe benefits	12,599	20,051	38,835	397,468	19,177	-	-	416,645
Operating expenses	2,155	3,944	11,877	123,617	5,964	46,438	8,224	184,243
Informational technology servic	4,288	4,955	11,063	97,867	4,722	-	-	102,589
Consultant fees	14,993	15,745	25,150	109,989	5,307	-	-	115,296
Travel	587	3,342	2,790	76,007	3,667	-	-	79,674
Contractual services	4,111	1,499	2,791	39,581	1,910	-	-	41,491
Miscellaneous	5,288	8,082	25,607	190,598	9,196	-	-	199,794
Interest expense	-	-	-	-	-	46,234	-	46,234
Depreciation expense	-	-	-	-	-	32,875	-	32,875
Equipment expenses	118	301	573	3,519	169	-	-	3,688
Total expenses	$ 109,272	$ 170,823	$ 390,495	$ 3,275,623	$ 158,041	$ 125,547	$ 8,224	$ 3,567,435

The accompanying notes are an integral part of this consolidated financial statement.

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash Flows from Operating Activities	
Change in net assets	$ 95,660
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	32,875
Gain on investments	(16,138)
Change in assets and liabilities	
Decrease in grants receivable	3,787
Increase in prepaid expenses and deposits	(15,044)
Increase in accounts payable and accrued liabilities	47,187
Decrease in accrued vested annual leave benefits	(35,036)
Net cash provided by operating activities	113,291
Cash Flows from Investing Activities	
Purchase of furniture and equipment	(7,591)
Net cash used in investing activities	(7,591)
Cash Flows from Financing Activities	
Payments of notes payable	(41,189)
Net cash used in financing activities	(41,189)
Net increase in cash and cash equivalents	64,511
Cash, beginning of year	888,761
Cash, end of year	$ 953,272
Supplemental disclosures of cash flow information	
Cash paid for interest	$ 46,234

The accompanying notes are an integral part of this consolidated financial statement.

(1) Organization

The Advocacy Center was organized to protect and advocate for the human and legal rights of persons living in Louisiana who are elderly or disabled. The Advocacy Center was founded pursuant to a federal law establishing protection and advocacy systems in each state and territory in the U.S. The mandate of the protection and advocacy systems is "to pursue legal, administrative, and other appropriate means to ensure the rights of persons with development disabilities in the state." Since 1977, the client base has been expanded to include other populations, such as persons with other mental and physical disabilities and senior citizens.

Effective February 2020, the Advocacy Center changed its name under which it does business from Advocacy Center to Disability Rights Louisiana. The longtime mission and services remain unchanged.

Eighth Muse, Incorporated is a non-profit organization organized under the laws of the State of Louisiana. Its primary purpose is the leasing of a commercial building that serves as the administrative and program offices of the Advocacy Center in New Orleans, Louisiana.

The Center's key programs include:

Protection & Advocacy for Individuals with Developmental Disabilities (PADD)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals that have a diagnosis of Intellectual and/or Developmental Disabilities ("I/DD").

Protection & Advocacy for Individual with Mental Illness (PAIMI)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals that have documented mental illness.

Protection & Advocacy for Individual Rights (PAIR)

Primarily legal work and policy work that is performed on behalf of an individual with disabilities that are not covered under PADD or PAIMI (typically physical disabilities and/or adult onset/acquired disabilities).

Protection & Advocacy for Individuals with Traumatic Brain Injury (PATBI)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals that have sustained a Traumatic Brain Injury after the age of 22 (examples: car accidents and combat veterans).

Protection & Advocacy for Assistive Technology (PAAT)

Primarily legal work that is performed on behalf of an individual or individuals with any disability that involves them exercising their right to appropriate forms disability related of assistive technology.

(1) Organization (continued)

Protection & Advocacy for Beneficiaries of Social Security (PABSS)

Primarily legal work, advocacy and policy work that is performed on behalf of an individual with a disability that is currently being provided social security benefits (ex: handling situations of over payment).

Protection & Advocacy of Voter Assistance (PAVA)

Legal, advocacy, policy and monitoring work that increases voter participation among individuals with disabilities (ex: monitoring polling sites for accessibility compliance).

Representative Payee Program

This program conducts reviews on representative payee performance on behalf of the Social Security Administration (SSA). The program provides oversight to representative payees and their services to beneficiaries as well as giving them support to better understand their role and responsibilities.

Work Incentives Planning and Assistance (WIPA)

Education and assistance provided to individuals with disabilities who are receiving various types of disability (and other) benefits and how those benefits may be affected by income and assets.

Client Assistance Program (CAP)

Primarily advocacy and case management around assisting individuals with disabilities who are eligible for state vocational rehabilitation services to understand supports and how to use them to gain employment.

Supported Independent Living Advocacy Program (SILAP)

Program designed to assist individuals with I/DD and who are receiving HCBS beneficiaries (residing in the Greater New Orleans and Baton Rouge areas) be supported in the community and not be subjected to abuse and neglect.

Community Living Ombudsmen Program (CLOP)

Statewide program that monitors private ICF/DDs for instances of abuse and neglect. Also assist in moving individuals with I/DD into the community.

Financial Accessibility Inclusion and Resource (FAIR)

Program which assists formerly incarcerated individuals with disabilities in the Greater New Orleans area obtain employment and gain economic and financial stability.

Interest on Lawyer's Trust Account (IOLTA) – Louisiana Bar Foundation

A dual program (divided into serving Children and Adults with disabilities). Used to provide legal services to individuals with mental illness.

(2) Summary of Significant Accounting Policies

Basis of Presentation
The consolidated financial statements of Advocacy Center and Eighth Muse, Inc. (collectively the "Center") have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

The consolidated financial statements include the accounts of the Advocacy Center and Eighth Muse, Inc. which are consolidated based on Advocacy Center's control of Eighth Muse, Inc. All significant intercompany transactions have been eliminated in consolidation.

US GAAP requires the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of September 30, 2019, the Center had no donor restricted net assets.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Cash Equivalents
The Center considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for investing purposes, nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments
The Center's investments consist of money market funds and certificates of deposit. The Center records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment income is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

(2) Summary of Significant Accounting Policies (continued)

Grants Receivable
The Center considers grants receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made. Management determined no allowance was required as of September 30, 2019.

Property, Furniture, and Equipment
The Center records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. 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 consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment is reviewed 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 year ended September 30, 2019.

Revenue Recognition
Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts, including government grants, received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. At September, 2019, contributions approximating $305,000 have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend on have not yet been met. The amount of the contributions depends on performance metrics and benchmarks that must be met in future fiscal years in order to receive the contributions.

Functional Allocation of Expenses
Expenses are charged directly to management, program services, Eighth Muse, or fund raising in general categories based on specific identification. Indirect costs have been allocated among the programs and supporting services benefited on the basis of time and effort.

(2) Summary of Significant Accounting Policies (continued)

Income Taxes
The Advocacy Center is exempt from federal income taxes pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Code. Eighth Muse is exempt from federal income taxes pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(2) of the Code.

U.S. GAAP prescribes rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Center's tax returns. Management has determined that the Center does not have any uncertain tax positions or associated unrecognized benefits that materially impact the consolidated financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Center's tax returns will not be challenged by the taxing authorities and that the Center will not be subject to additional tax, penalties, and interest as a result of such challenge.

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

Estimates
The preparation of financial statements in conformity with US GAAP 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.

Financial Instruments and Credit Risk
The Center manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Center's mission.

Recently Adopted Accounting Standards
As of October 1, 2018 the Center adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities.* Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This adoption of ASU 2016-14 had no impact on the Center's total net assets.

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* The ASU requires presentation of the total change in cash, cash equivalents, restricted cash, and restricted cash equivalents for the period in the statement of cash flows. The Center adopted this ASU for the year ended September 30, 2019.

(2) Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements
In September 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 will be effective for the Center for the year ended September 30, 2020.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. ASU 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* deferred the implementation date of this ASU which will now be effective for the Center for the year beginning October 1, 2020.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statements of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2020-05 deferred the implement date of ASU 2016-02 and it will be effective for the Center for the year ended September 30, 2023.

The Center is currently evaluating the impact these ASUs will have on its consolidated financial statements.

Restatement
During 2019, several errors were identified related to the prior year consolidated financial statements. A summary of the impact of the adjustments to correct these errors is below:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, as previously reported, September 30, 2018	$ 741,639	$ 788,932	$ 1,530,571
Restatements:			
Related to understatement of revenues and grants receivable	256,210	-	256,210
Related to understatement of accrued leave liability	(73,677)	-	(73,677)
Related to overstatement of net assets with donor restrictions	788,932	(788,932)	-
Net assets, as restated, September 30, 2018	$ 1,713,104	$ -	$ 1,713,104

(3) Liquidity and Availability

The Center regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Center manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments will continue to be met, ensuring the sustainability of the Center.

The table below presents financial assets available for general expenditures within one year at September 30, 2019:

Cash	$ 953,272
Investments	376,265
Grants receivable	493,405
	$ 1,822,942

(4) Investments

Investments at September 30, 2019 consist of the following:

	Fair Market Value
Money market accounts - brokerage account	$ 8,076
Certificates of deposit	368,189
	$ 376,265

(5) Grants Receivable

Grants receivable as September 30, 2019 consist of the following:

U.S. Department of Health and Human Services	$ 91,170
Social Security Administration	46,538
State of Louisiana - Department of Justice	283,737
City of New Orleans	71,960
	$ 493,405

(6) Property, Furniture, and Equipment

Property, furniture, and equipment at September 30, 2019 consist of the following:

Building	$	530,617
Building improvements		434,950
Equipment		7,591
		973,158
Less accumulated depreciation		(303,093)
Land		465,000
	$	1,135,065

Depreciation expense for the year ended September 30, 2019 totaled $32,875.

(7) Notes Payable

Notes payable at September 30, 2019 consist of the following:

Note payable to a loan corporation, due in monthly installments of $1,849, which includes a fixed interest rate of 4%. The loan matures March, 2022 with a balloon payment of approximately $100,411. Note is collateralized by commercial real estate.	$	143,540
Note payable to a financial institution, due in monthly installments of $5,436, which includes a fixed interest rate of 5.25%. The loan matures February 13, 2037. Note is collateralized by real property at 1217 Cambronne, 8325 Oak Street, and 8339 Oak Street.		739,522
	$	883,062

The interest expense relative to the notes payable totaled $46,234 for the year ended September 30, 2019.

(7) Notes Payable (continued)

The aggregate maturities of the notes payable following the year ended September 30, 2019 are as follows:

Year ending September 30	
2020	$ 43,446
2021	45,643
2022	139,100
2023	31,370
2024	32,988
Thereafter	590,515
	$ 883,062

The Center has a $250,000 revolving line of credit with a financial institution. The line is renewed annually and last renewal closed on July 31, 2019 and matures on August 29, 2020. The rate at September 30, 2019 was 6.75%. There was no outstanding balance as of September 30, 2019.

(8) Commitments

The Advocacy Center leases office space for its administrative office and two branch locations in Lafayette, Baton Rouge, and New Orleans. The administrative office in New Orleans is leased from Eighth Muse, Inc. (a related party) and the rental income/expense totaling $182,466 is eliminated for financial statement presentation. The Lafayette lease is under a non-cancellable operating lease expiring January 2021. The Baton Rouge lease is on a month-to-month basis.

Future minimum lease payments are as follows:

Year ending September 30	
2020	$ 29,015
2021	10,810
	$ 39,825

The rental expense for the year ended September 30, 2019 totaled $39,648.

(9) Retirement Plan

The Advocacy Center sponsors a 401(k) plan covering all employees twenty-one years or older starting upon date of hire. The Center provides a discretionary employer match up to .50% of eligible compensation. Included in fringe benefit expense for the year ended September 30, 2019 is $7,738 related to the employer match. The Center also provides an additional discretionary contribution to employees after 500 hours of service. The discretionary percentage was 3% for the year ended September 30, 2019. Included in fringe benefit expense for the year ended September 30, 2019 is $62,303 related to the employer discretionary contribution. Employees are 100% vested after three years of service from date of hire.

(10) Board of Directors' Compensation

The Board of Directors is a voluntary board and no compensation has been paid to any member.

(11) Fair Value Measurement

The Center reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Center can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Center develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

(11) Investments and Fair Value Measurements (continued)

The majority of the Center's investments are held in brokered certificates of deposit, which are short term in nature and are valued at fair value, which is reflective of cost plus accrued interest. These are considered Level 1 in the valuation input hierarchy described above.

There have been no changes in the methodologies used during the year ended September 30, 2019.

(12) Federally Assisted Programs

The Advocacy Center participates in a number of federally assisted programs. These programs are audited in accordance with the Uniform Guidance. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Center's management believes that further examinations would not result in any significant disallowed costs.

(13) Economic Dependency and Concentrations

The Center received the majority of its revenue from funds provided through grants administered by the federal government and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Center receives could be reduced significantly and have an adverse impact on its operations. Approximately 93% of its total revenues for the year ended September 30, 2019 came from government grants. Approximately 33% of the grant revenue comes directly from the U.S. Department of Health and Human Services.

(14) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 28, 2020, and determined that there were no subsequent events requiring disclosure except as noted below. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, donors, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

SUPPLEMENTAL INFORMATION

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

	ADVOCACY CENTER	EIGHTH MUSE, INC.	ELIMINATIONS	TOTAL
Assets				
Cash	$ 845,023	$ 108,249	$ -	$ 953,272
Investments	376,265	-	-	376,265
Grants receivable	493,405	-	-	493,405
Prepaid expenses and deposits	16,542	8,201	-	24,743
Property, furniture and equipment - net	7,590	1,127,475	-	1,135,065
Loan receivable	249,985	-	(249,985)	-
Total assets	$ 1,988,810	$ 1,243,925	$ (249,985)	$ 2,982,750
Liabilities and Net Assets				
Accounts payable and accrued liabilities	$ 182,647	$ -	$ -	$ 182,647
Accrued vested annual leave benefits	108,277	-	-	108,277
Notes payable	-	1,133,047	(249,985)	883,062
Total liabilities	290,924	1,133,047	(249,985)	1,173,986
Net Assets				
Without donor restrictions	1,697,886	110,878	-	1,808,764
Total net assets	1,697,886	110,878	-	1,808,764
Total liabilities and net assets	$ 1,988,810	$ 1,243,925	$ (249,985)	$ 2,982,750

See acccompanying Independent Auditors' Report

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ADVOCACY CENTER	EIGHTH MUSE, INC.		
	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Total
Revenue				
Grants	$ 3,414,985	$ -	$ -	$ 3,414,985
Rental income	-	182,466	(182,466)	-
Contributions	132,434	-	-	132,434
Attorney fees	55,500	-	-	55,500
Other	35,440	2,832	-	38,272
Investment income, net	21,904	-	-	21,904
Total revenues	3,660,263	185,298	(182,466)	3,663,095
Expenses				
Salaries	2,344,906	-	-	2,344,906
Fringe benefits	416,645	-	-	416,645
Operating expenses	320,271	46,438	(182,466)	184,243
Informational technology service contracts	102,589	-	-	102,589
Consultant fees	115,296	-	-	115,296
Travel	79,674	-	-	79,674
Contractual services	41,491	-	-	41,491
Miscellaneous	199,794	-	-	199,794
Interest expense	-	46,234	-	46,234
Depreciation expense	-	32,875	-	32,875
Equipment expenses	3,688	-	-	3,688
Total expenses	3,624,354	125,547	(182,466)	3,567,435
Change in net assets	35,909	59,751	-	95,660
Net assets, beginning of year (restated)	1,661,977	51,127	-	1,713,104
Net assets, end of year	$ 1,697,886	$ 110,878	$ -	$ 1,808,764

See accompanying Independent Auditors' Report

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Agency Head Name: Christopher Rodriguez, Executive Director

Purpose	Amount
Salary	$ 144,231
Benefits - insurance	4,444
Benefits - retirement	3,462
Benefits - other	50
Per diem	721
Reimbursements	1,973
Travel	1,205
Registration fees	300
Conference travel	2,843
	$ 159,229

See accompanying Independent Auditors' Report.

P&N
Postlethwaite & Netterville

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

A Professional Accounting Corporation

INDEPENDENT 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
Advocacy Center and Eighth Muse, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Advocacy Center and Eighth Muse, Inc. (non-profit organizations), collectively referred to as the Center, which comprise the consolidated statement of financial position as of September 30, 2019, 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, and have issued our report thereon dated September 15, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019 – 001 and 2019 - 002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019 – 003 and 2019 – 004 to be significant deficiencies.

Postlethwaite & Netterville

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Center's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Postlethwaite & Netterville

Metairie, Louisiana
September 15, 2020

Postlethwaite & Netterville

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One Galleria Blvd., Suite 2100 – Metairie, LA 70001
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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors of
Advocacy Center and Eighth Muse, Inc.

Report on Compliance for Each Major Federal Program

We have audited Advocacy Center and Eighth Muse, Inc.'s (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended September 30, 2019. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

P&N
Postlethwaite & Netterville

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identity certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-004 and 2019-005, that we consider to be significant deficiencies.

The Center's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Postlethwaite & Netterville

Metairie, Louisiana
September 15, 2020

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Federal Expenditures*
Department of Health and Human Services		
Protection and Advocacy for Individuals with Mental Illness (PAIMI)	93.138	$ 428,000
Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems (PAVA)	93.618	83,815
Developmental Disabilities Basic Support and Advocacy Grants (PADD)	93.630	525,273
ACL Assistive Technology State Grants for Protection and Advocacy (PAAT)	93.843	21,250
State Grants for Protection and Advocacy Services (PATBI)	93.873	49,550
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		1,107,888
Department of Education		
Rehabilitation Services Client Assistance Program (CAP)	84.161	87,028
Program of Protection and Advocacy of Individual Rights (PAIR)	84.240	203,283
TOTAL DEPARTMENT OF EDUCATION		290,311
Social Security Administration		
Social Security - Work Incentives Planning and Assistance Program (SLBPP)	96.008	179,666
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries (PABSS/PABRP)	96.009	425,611
TOTAL SOCIAL SECURITY ADMINISTRATION		605,277
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 2,003,476

See accompanying Independent Auditors' Report

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. General

   The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of Advocacy Center Louisiana, Inc. (the Center) for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Center's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended September 30, 2019. Eighth Muse, Inc. is not a recipient of federal awards. All federal awards received directly from federal agencies are included on the Schedule, as well as federal awards passed-through other entities. The Schedule presents only a selected portion of the operations of the Center; it is not intended to and does not present the consolidated financial position, consolidated statement of activities, or consolidated cash flows of the Center.

2. Basis of Accounting

   The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the Center's consolidated financial statements for the year ended September 30, 2019. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Relationship to Financial Statements

   Total federal award expenditures of $2,003,476 are within the grant revenue reflected in the consolidated statement of activities.

4. Relationship to Federal Financial Reports

   Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2019

1) Financial Statements

   a) Type of report issued on the financial statements: Unmodified Opinion

   b) Internal control over financial reporting:

      Material weakness identified: Yes

      Significant deficiency identified not considered to be material weakness: Yes

      Noncompliance material to financial statements noted: No

2) Federal Awards

   a) Internal control over major programs:

      Material weakness identified: No

      Significant deficiency identified not considered to be material weakness: Yes

   b) Type of auditors' report issued on compliance for major programs: Unmodified Opinion

   c) Any audit findings disclosed that are required to be reported in accordance with The Uniform Guidance, Section 510(a): No

   d) The following is an identification of major programs:

Program Name	Federal CFDA#
Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries (PABSS/PABRP)	96.009
Developmental Disabilities Basic Support and Advocacy Grants (PADD)	93.630

   e) The dollar threshold used to distinguish between Type A and Type B Programs, as described in the Uniform Guidance was $750,000.

   f) Did the auditee qualify as a low risk auditee under the Uniform Guidance? No

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2019

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

Finding 2019-001 – *Internal Control over Financial Reporting*

Criteria:

The Center should have systems of internal accounting controls which ensure the consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles.

Condition:

Significant adjustments, including a restatement of the previously issued consolidated financial statements, were identified during the course of the audit relating to cash, accounts receivable and revenue, prepaid expenses, property and equipment, accounts payable and accrued expenses.

Cause:

The Center's CFO at the time did not have a process to ensure that accounts were reconciled timely and correctly and a number of transactions were recorded to incorrect accounts.

Effect:

Accurate financial information was not being provided to senior management and the Board of the Center. Significant adjustments were required as a result of the audit process, including a restatement of the previously issued consolidated financial statements.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to ensure account reconciliations are performed on a timely basis and that transactions are recorded appropriately in accordance with U.S. generally accepted accounting principles.

Management Response:

The Center concurs with the recommendation and did record prior period adjustments totaling $182,533 as of September 30, 2018. The Center has engaged an outsourced accounting firm in 2020 to reconcile the accounts.

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards* (continued):

Finding 2019-002 – *Bank Reconciliations*

Criteria:

The Center should have systems of internal controls to safeguard assets and ensure timely financial reporting in accordance with U.S. generally accepted accounting principles.

Condition:

The Center did not have adequate controls in place to ensure bank reconciliations were performed and reviewed on a timely basis. The Center's bank accounts for the year ended September 30, 2019 were not correctly and completely reconciled until July 2020. The accounts had not been reconciled for a number of months. A number of audit adjustments were identified which impacted the cash balances, and further adjustments were identified when the accounts were fully reconciled by the outsourced accounting resources engaged by the Center.

Cause:

The Center's CFO at the time did not follow policies requiring bank accounts to be reconciled and reviewed on a timely basis.

Effect:

Audit adjustments were identified which impacted the cash balances, and additional adjustments were identified when the cash/bank accounts were completely reconciled by the outsourced accounting firm engaged by the Center. Bank reconciliations are a key control to safeguard the Center's liquid assets, and when not performed and reviewed, increase the risk of misappropriation.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to ensure bank reconciliations are performed on a timely basis. We recommend that the CEO and a member of the board request copies of the monthly bank reconciliations for all accounts, at least on a quarterly basis, to ensure this process continues and that unusual or significant reconciling items are investigated and resolved on a timely basis.

Management Response:

The Center concurs with the recommendation and did record adjustments to reconcile the cash balance at September 30, 2019. The Center has engaged an outsourced accounting firm in 2020 to reconcile the bank accounts.

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards* (continued):

Finding 2019-003 – *Schedule of Expenditures of Federal Awards*

Criteria:

The Center should have systems of internal accounting controls over financial reporting to provide reasonable assurance that expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are accurate, complete and prepared in accordance with the Uniform Guidance in a timely manner.

Condition:

The Center did not provide the auditors an accurate SEFA that reconciled appropriately to the financial records. The data provided to the auditors for the SEFA included certain non-federal funds.

Cause:

The Center's CFO at the time who provided the initial SEFA did not have a thorough understanding of the Uniform Guidance and how to accurately prepare a SEFA.

Effect:

The SEFA had not been prepared at the time of audit, and the data provided to the auditors for the SEFA included certain non-federal funds and did not reconcile appropriately to financial records.

Recommendation:

We recommend that the Center implement training for personnel handling the administration of federal funds that will enable timely and accurate preparation of the SEFA.

Management Response:

The Center concurs with the recommendation and did adjust the schedule of federal awards for non-federal expenses that were improperly included on the SEFA provided to the auditors. The Center has engaged an outsourced accounting firm in 2020 to prepare the Schedule of Federal Awards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2019

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards* (continued):

Finding 2019-004– *Accounting Manual*

Criteria:

The Center should have systems of internal controls to safeguard assets and ensure timely financial reporting in accordance with U.S. generally accepted accounting principles, and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Condition:

The Center does not have a Board approved comprehensive, up to date accounting manual in place. The Center's current manual has been in draft status since 2016. Key provisions are out of date.

Cause:

The Center's CFO at the time did not finalize or update the draft accounting manual.

Effect:

A comprehensive accounting manual is a key element of an effective system of internal control. The lack of one, or use of an outdated version impacts the overall control environment and increases the risk of inaccurate reporting, misappropriation of assets, and noncompliance with laws, regulations and the provisions of grants and contracts.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to review and update the draft accounting manual. We recommend that the CEO and the Board oversee the timely execution of this, approve the final draft and put in place processes to ensure the manual is reviewed and updated on an ongoing basis to ensure continued alignment with the Center's risks, accounting standards, laws and regulations.

Management Response:

The Center concurs with the recommendation and has engaged an outsourced accounting firm in 2020 to update the Accounting Manual.

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2019

Findings and Questioned Costs relating to Federal Awards:

Finding 2019-005 – *Compliance Controls over Allowability*

Criteria:

Uniform Guidance requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The Center should have established and maintained internal controls which provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

Condition:

The Center's internal controls related to compliance are not designed or operatively effectively, resulting in costs being incorrectly charged or allocated to federal awards. The following matters were noted during the course of testing allowability:

- The Center incorrectly requested and received federal reimbursement for an individual's time that was specifically funded by a private grant;
- Errors were noted in the Center's allocation spreadsheets whereby certain payroll charges were double counted;
- An item which should have been charged directly to a federal program was incorrectly included in the Center's indirect cost allocation and therefore incorrectly allocated to other federal programs; and
- Reimbursement was requested and received for a charge that a third party paid for on behalf of the Center.

Cause:

The Center lacked adequate internal controls to ensure that costs allocated to grants and charged for federal reimbursement were reviewed by personnel with a thorough understanding of the Uniform Guidance to identify errors and unallowable costs.

Effect:

The deficiencies in internal controls described above resulted in errors in reimbursement requests which were not identified and, as a result, the submission of incorrect reimbursement requests to federal agencies.

Recommendation:

We recommend that the Center review its internal controls over compliance to ensure adequate controls are in place to prevent spreadsheet errors and that an individual knowledgeable with both the specific grant, Uniform Guidance and cost principles reviews allocation worksheets and reimbursement requests prior to submission.

Management Response:

The Center concurs with the recommendation and has engaged an outsourced accounting firm in 2020 to prepare the monthly allocation of costs to the respective programs.

ADVOCACY CENTER
AND
EIGHTH MUSE, INC.

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2019

None Reported

DISABILITY RIGHTS
LOUISIANA
Protect. Advocate. Empower.

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www.disabilityrightsla.org

Louisiana Legislative Auditor
1600 North 3rd Street
Baton Rouge, Louisiana 70802

Disability Rights Louisiana (the Center) respectfully submits the following corrective action plan for the year ended September 30, 2019.

Name and address of independent public accounting firm: Postlethwaite & Netterville, APAC
One Galleria Blvd, Suite 2100
Metairie, Louisiana 70001

Audit period: October 1, 2018 – September 30, 2019

The findings from the 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit (Material Weakness)

2019-001 Internal Control over Financial Reporting

Recommendation: We note that the Center has engaged an outsourced accounting firm to ensure account reconciliations are performed on a timely basis and that transactions are recorded appropriately in accordance with U.S. generally accepted accounting principles.

Action Taken: The Center concurs with the recommendation. In April 2020, the Center engaged an outside accounting firm to assist with reconciling accounts for the completion of the 2019 financial statement audit as well as reconciling accounts and preparing the Center for the 2020 financial statement audit. The Executive Director, Christopher Rodriguez is responsible for the corrective action and working with the outsourced accounting firm on the September 30, 2020 year end close with an anticipated completion date of November 30, 2020.

2019-002 Bank Reconciliations

Recommendation: We note that the Center has engaged an outsourced accounting firm to ensure bank reconciliations are performed on a timely basis. We recommend that the CEO and a member of the board request copies of the monthly bank reconciliations for all accounts, at least on a quarterly basis, to ensure this process continues and that unusual or significant reconciling items are investigated and resolved on a timely basis.

Action Taken: The Center concurs with the recommendation. In April 2020, the Center engaged an outside accounting firm to assist with reconciling accounts for the completion of the 2019 financial statement audit as well as reconciling accounts and preparing the Center for the 2020 financial statement audit. The Executive Director, Christopher Rodriguez is responsible for the corrective action and working with the outsourced accounting firm on the September 30, 2020 year end close with an anticipated completion date of November 30, 2020.

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Findings – Financial Statement Audit (Significant Deficiency)

2019-003 Schedule of Expenditures of Federal Awards

Recommendation: We recommend that the Center implement training for personnel handling the administration of federal funds that will enable timely and accurate preparation of the SEFA.

Action Taken: The Center concurs with the recommendation. In April 2020, the Center engaged an outside accounting firm to assist with the finance related tasks of the Center, including the timely and accurate preparation of the SEFA. The Executive Director, Christopher Rodriguez is responsible for the corrective action and working with the outsourced accounting firm on the September 30, 2020 year end close with an anticipated completion date of November 30, 2020.

2019-004 Accounting Manual

Recommendation: We note that the Center has engaged an outsourced accounting firm to review and update the draft accounting manual. We recommend that the CRO and the Board oversee the timely execution of this, approve the final draft, and put in place processes to ensure the manual is reviewed and updated on an ongoing basis to ensure continued alignment with the Center's risks, accounting standards, laws, and regulations.

Action Taken: The Center concurs with the recommendation. In April 2020, the Center engaged an outside accounting firm to assist with the finance related tasks of the Center, including updating the accounting manual. The Executive Director, Christopher Rodriguez is responsible for the corrective action and working with the outsourced accounting firm with an anticipated completion date of January 31, 2021.

Findings – Federal Award Programs Audits

2019-005 Compliance Controls over Allowability

Recommendation: We recommend that the Center review its internal controls over compliance to ensure adequate controls are in place to prevent spreadsheet errors and that an individual knowledgeable with both the specific grant, Uniform guidance and cost principles reviews allocation worksheets and reimbursement requests prior to submission.

Action Taken: The Center concurs with the recommendation. In April 2020, the Center engaged an outside accounting firm to assist with the finance related tasks of the Center, including allocation of costs to federal programs. The Executive Director, Christopher Rodriguez is responsible for the corrective action and working with the outsourced accounting firm on the September 30, 2020 year end close, with an anticipated completion date of December 31, 2020.

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If the Louisiana Legislative Auditor has any questions regarding this plan, please call Executive Director Christopher Rodriguez at 800-960-7705

Sincerely yours,

Christopher Rodriguez

Christopher Rodriguez

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A Professional Accounting Corporation

Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended 2019

To Board of Directors of Advocacy Center of Louisiana (Entity) and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Advocacy Center of LA (Entity) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"*. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

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.

      Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

   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.

      Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

d) ***Receipts***, 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).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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)

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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, processes, and tools needed to recover operations after a critical event.

The Entity has written policies for Disaster Recovery/ Business Continuity; however, the policy does not specifically address attribute (4) use of antivirus software on all systems.

Board or Finance Committee

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

   b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 5 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending September 30, 2019, resulting in 3 bank reconciliations obtained and subjected to the below procedures. The remaining two bank accounts were not reconciled.

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

Exceptions noted. Bank reconciliations were not prepared within two months of the related statement closing date.

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

Of the 3 bank reconciliations obtained, none had a reviewers' initials or any other documentation evidencing the review.

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

Of the 3 reconciliations provided, 1 bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

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

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

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

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

   a) Observe that receipts are sequentially pre-numbered.

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

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

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

   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)

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.

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

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, 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.)]

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

13. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that

identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

    a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

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

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

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

Contracts

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

    An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

    From the listing provided, we randomly selected 5 contracts and performed the procedures below.

    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.

    Of the 5 contracts selected for our procedures, none were subject to 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).

Approval by the governing body/board is not required by policy or law; thus, contracts are not approved by such.

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

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.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. One exception was noted.

Payroll and Personnel

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

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

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

19. Obtain 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.

Ethics

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

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

    b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

Procedures were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

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

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

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1k – The Center will work on drafting policies and procedures related to the use of antivirus software on all systems.

3 – The Center will develop policies and procedures to ensure that bank reconciliations will be prepared within two months of the related statement closing date, reviewed by a member of management or a board member who does not handle cash, post ledgers, or issue checks, and that old reconciling items are researched.

15d – The Center will review contracts to ensure that all contracts accurately reflect the current payment arrangements.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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.

Sincerely,

Postlethwaite & Netterville

August 28, 2020