

Catholic Charities of North Louisiana

*Financial Statements
For the Years Ended June 30, 2023 and 2022*



Catholic Charities of North Louisiana
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Catholic Charities of North Louisiana
Shreveport, Louisiana 71106

Opinion

We have audited the accompanying financial statements of Catholic Charities of North Louisiana, (a nonprofit organization) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Charities of North Louisiana, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United State of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Board of Directors
Catholic Charities of North Louisiana
Shreveport, Louisiana 71106
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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities of North Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Charities of North Louisiana's ability to continue as a going concern for a reasonable period of time.

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

To the Board of Directors
Catholic Charities of North Louisiana
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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program expenses – by activity on pages 19 and 20, and the schedule of compensation, reimbursements, benefits and other payments to agency head on page 21, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2023, on our consideration of Catholic Charities of North Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Catholic Charities of North Louisiana’s internal control over financial reporting and compliance.

West Monroe, Louisiana
October 4, 2023

Cameron Hines & Company (APAC)

Catholic Charities of North Louisiana
Statements of Financial Position
As of June 30, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash & Cash Equivalents	\$ 262,368	\$ 345,179
Certificates of Deposit	21,524	21,022
Investments	585,494	595,006
Grants Receivable	-	300
Donated Items on Hand	58,807	49,054
Prepaid Expenses	2,559	3,223
Total Current Assets	930,752	1,013,784
Noncurrent Assets		
Property and Equipment, net	1,361,468	1,385,289
Total Noncurrent Assets	1,361,468	1,385,289
TOTAL ASSETS	\$ 2,292,220	\$ 2,399,073
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	\$ 2,873	\$ 45,322
Refundable Advances	282,921	231,834
Accrued Liabilities	4,640	46,996
Total Current Liabilities	290,434	324,152
Non-Current Liabilities		
Total Liabilities	-	-
Net Assets		
Without Donor Restrictions		
Undesignated	1,984,399	1,270,114
Designated by the Board	-	785,260
Total Without Donor Restrictions	1,984,399	2,055,374
With Donor Restrictions	17,387	19,547
Total Net Assets	2,001,786	2,074,921
TOTAL LIABILITIES AND NET ASSETS	\$ 2,292,220	\$ 2,399,073

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

Catholic Charities of North Louisiana
Statements of Activities
For The Years Ended June 30, 2023 and 2022

	2023	2022
Changes in Net Assets Without Donor Restrictions:		
Revenues and Gains		
Contributions	\$ 206,835	\$ 140,608
Grants	-	33,000
Use of Contributed Facilities	-	44,520
Special Events Revenue	73,794	-
Program Service Fees	51,089	60,210
PPP Loan Forgiveness	-	87,813
Employee Retention Credits	113,363	-
Other	2,072	
Investment Return, net	46,472	(66,706)
Total Revenues and Gains Without Donor Restrictions	493,625	299,445
Net Assets Released From Restrictions	790,400	948,679
Total Revenues, Gains, and Other Support Without Donor Restrictions	1,284,025	1,248,124
Expenses:		
Program Services		
Family Strengthening Program	1,134,174	1,205,321
Total Program Services	1,134,174	1,205,321
Supporting Services		
Management and General	141,787	138,621
Fundraising	79,039	98,055
Total Supporting Services	220,826	236,676
Total Expenses	1,355,000	1,441,997
Increase/(Decrease) in Net Assets Without Donor Restrictions	(70,975)	(193,873)
Changes in Net Assets With Donor Restrictions:		
Contributions		
Family Strengthening Program	\$ 141	\$ 40,887
902 Olive St.	-	100,486
Disaster Relief	-	17,412
Lake Providence Location	4,650	3,350
Monroe Location	11,350	13,165
Total Contributions	16,141	175,300
Grants		
Family Strengthening Program	699,435	713,319
Total Grants	699,435	713,319
Gifts-in-Kind to Family Strengthening Program	37,240	9,599
Gifts-in-Kind to Monroe Location	-	5,978
Use of Contributed Facilities for Monroe Location	35,424	35,424
Net Assets Released from Restrictions	(790,400)	(948,679)
Increase/(Decrease) in Net Assets With Donor Restrictions	(2,160)	(9,059)
Increase/(Decrease) in Net Assets	(73,135)	(202,932)
NET ASSETS AT BEGINNING OF YEAR	2,074,921	2,277,853
NET ASSETS AT END OF YEAR	\$ 2,001,786	\$ 2,074,921

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

Catholic Charities of North Louisiana
Statement of Functional Expenses
For The Year Ended June 30, 2023

	<u>Program Expenses</u>		<u>Supporting Services</u>		
	<u>Family</u>		<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Strengthening</u>		<u>& General</u>		
Advertising and Promotion	\$ 3,058	\$	-	-	\$ 3,058
Bank and Credit Card Fees	1,552		270	48	1,870
Computer Expenses	4,029		704	85	4,818
Conferences and Training	3,394		1,560	37	4,991
Cost of Special Events	81		-	18,763	18,844
Custodial	9,563		3,600	337	13,500
Depreciation	31,785		4,487	1,122	37,394
Dues & Subscriptions	18,619		1,878	223	20,720
Emergency Assistance Provided	264,517		-	-	264,517
Employee Benefits	63,449		31,621	251	95,321
Employee Screenings	566		-	-	566
Equipment Rental	3,668		1,076	93	4,837
Food and Supplies Disbursed	27,428		-	-	27,428
Insurance	25,344		2,108	894	28,346
Investment Expenses	-		3,988	-	3,988
Interest Expense	-		39	-	39
Licenses & Fees	435		-	-	435
Meals and Entertainment	2,068		730	36	2,834
Payroll Taxes	38,940		2,937	3,727	45,604
Postage	3,632		829	34	4,495
Printing and Reproduction	4,162		582	146	4,890
Payroll and Accounting Fees	13,215		1,866	466	15,547
Rent - Donated Facilities	35,424		-	-	35,424
Rent	2,400		-	-	2,400
Repairs and Maintenance	11,202		1,684	395	13,281
Salaries and Wages	510,721		72,960	50,745	634,426
Supplies	10,671		1,689	265	12,625
Travel	7,361		1,621	84	9,066
Utilities	32,133		4,536	1,134	37,803
Vehicle Lease	4,357		616	154	5,127
Volunteer Expenses	400		406	-	806
Total Functional Expenses	<u>\$ 1,134,174</u>	<u>\$</u>	<u>141,787</u>	<u>\$ 79,039</u>	<u>\$ 1,355,000</u>

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

Catholic Charities of North Louisiana
Statement of Functional Expenses
For The Year Ended June 30, 2022

	<u>Program Expenses</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Family Strengthening</u>	<u>Management & General</u>	<u>Fundraising</u>	
Advertising and Promotion	\$ 940	\$ -	\$ 313	\$ 1,253
Bank and Credit Card Fees	306	929	1,321	2,556
Charitable Contributions	-	10,000	-	10,000
Computer Expenses	6,013	6,934	94	13,041
Conferences and Training	4,851	7,989	494	13,334
Cost of Special Events	-	-	82	82
Depreciation	7,621	502	251	8,374
Dues & Subscriptions	2,335	7,140	2,644	12,119
Emergency Assistance Provided	455,359	-	-	455,359
Employee Benefits	52,553	12,447	8,534	73,534
Employee Screenings	336	71	96	503
Equipment Rental	-	2,758	-	2,758
Food and Supplies Distributed	55,742	-	-	55,742
Insurance	29,500	1,782	891	32,173
Investment Expenses	-	885	-	885
Licenses & Fees	40	910	-	950
Meals and Entertainment	1,058	-	113	1,171
Payroll Taxes	29,857	4,006	4,781	38,644
Postage	2,902	1,683	265	4,850
Printing and Reproduction	1,149	935	3,355	5,439
Payroll and Accounting Fees	13,743	906	453	15,102
Rent - Donated Facilities	72,749	7,197	2,398	82,344
Repairs and Maintenance	8,442	897	279	9,618
Salaries and Wages	406,084	62,719	64,021	532,824
Supplies	6,381	3,305	1,178	10,864
Travel	2,007	-	-	2,007
Temporary Services	1,308	-	5,000	6,308
Utilities	40,920	3,813	1,492	46,225
Vehicle Lease	2,984	793	-	3,777
Volunteer Expenses	141	20	-	161
Total Functional Expenses	\$ 1,205,321	\$ 138,621	\$ 98,055	\$ 1,441,997

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

Catholic Charities of North Louisiana
Statements of Cash Flows
For The Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Increase/(Decrease) in Net Assets	\$ (73,135)	\$ (202,932)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	37,394	8,374
Net Unrealized (Gains)/Losses on Investments	(25,468)	90,786
Forgiveness of SBA PPP Loan	-	(87,813)
Proceeds from Employee Retention Credits	(113,363)	-
Donated Stocks	-	(15,143)
(Increase)/Decrease in Operating Assets:		
Grants Receivable	300	46,616
Donated Items on Hand	(9,753)	40,166
Prepaid Expenses	664	(2,688)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	(42,449)	43,208
Refundable Advances	51,087	(18,270)
Accrued Liabilities	(42,356)	14,993
Net Cash Provided/(Used) by Operating Activities	(217,079)	(82,703)
 Cash Flows From Investing Activities		
Transfers from Investments	34,980	526,290
Redemption of Certificate of Deposit	-	61,007
Purchases of Certificates of Deposit	(502)	234
Purchases of Property and Equipment	(13,573)	(846,343)
Net Cash Provided/(Used) by Investing Activities	20,905	(258,812)
 Cash Flows From Financing Activities		
Proceeds from Employee Retention Credits	113,363	-
Net Cash Provided/(Used) by Financing Activities	113,363	-
 Net Increase (Decrease) in Cash and Cash Equivalents	(82,811)	(341,515)
 Cash and Cash Equivalents at Beginning of Year	345,179	686,694
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 262,368	\$ 345,179

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

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Catholic Charities of North Louisiana (CCNLA), is a non-profit social service agency started in Shreveport by the Catholic Diocese of Shreveport in 2010 and is a member of CCUSA (Top 10 US charitable organizations). This 501(c) 3 is governed by 20 voting members on the Board of Directors and is overseen by the Bishop-led Members Board. The main office is in Shreveport and the two satellite offices are in Monroe and Lake Providence. The service area extends through 16 civil parishes covering 14,000 square miles.

Catholic Charities helps anyone who walks through the doors – no matter where they live nor what their religion is. As a matter of fact, 98% of the people served are NOT Catholic. Most of our clients are single African American mothers between the ages of 26-51 who are under-employed and living in poverty.

The focus is to Strengthen Families which is addressed through seven tactics:

1. Emergency Assistance – assisting with a partial payment of rent or utility bill
2. Money School® - financial education which is required before any assistance is provided
3. Gabriel's Closet Parenting Classes – in exchange for baby supplies
4. State benefit Application Assistance – for SNAP and other state benefits
5. HUD *certified* Housing Counseling – helping residents purchase their own home
6. Immigration Legal Services – filing legal documents with the Department of Justice
7. Disaster Relief – in times of Disaster CCNLA partners with VOAD and CCUSA to help survivors.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

D. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affected the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, including the investments in money market funds held by Raymond James, Origin Bank, and Louisiana Catholic Federal Credit Union.

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

F. Grants Receivable

Grants receivable expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included in revenue until the conditions are substantially met.

G. Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Office equipment	3 years
Office furniture	7 years
Leasehold improvements	15 years
Buildings	40 years

Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

H. Investments

The Organization carries investments in equity securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

I. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets without donor restrictions, or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

J. Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

K. Donated Use of Facilities

The Diocese provides facilities at no cost to the Organization for the Monroe location. A contribution and related expense has been recognized for the fair value of the rent for the year.

L. Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

M. Special Events Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the Participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

of meals and entertainment provided at special events is measured by the actual cost to the organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are netted with special events revenue as direct donor benefits in the accompanying statement of activities.

N. Allocation of Functional Expenses

Expenses are allocated to program and supporting services on the following bases:

- (a) Management and General, Fundraising expenses are allocated on the basis of direct salaries, wages, and temporary services.
- (b) Building and occupancy costs are allocated on the basis of square footage.
- (c) Advertising costs were allocated to fundraising.

O. Income Taxes

The Organization is exempt from federal income tax as a subordinate organization of the United States Conference of Catholic Bishops, which is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

P. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2022 and 2021, consisted of the following:

	<u>2023</u>	<u>2022</u>
Origin Bank Checking	\$ 166,658	\$ 161,901
BancorpSouth Checking (Building Account)	-	18,382
LCFCU Savings	25	25
Origin Bank Money Market	25,561	63,075
Raymond James Money Market Funds	58,430	90,254
LCFCU Money Market	11,694	11,542
Total Cash and Cash Equivalents	<u>\$ 262,368</u>	<u>\$ 345,179</u>

The money market sweep account at Raymond James is invested in the Federated Government Obligations Fund, a money market mutual fund, and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

3. CERTIFICATES OF DEPOSIT

The Organization held a certificate of deposit during the fiscal year ended June 30, 2023. Terms are for 24 months, with interest rate of 2%. Balances were \$21,524 and \$21,022 at June 30, 2023 and 2022, respectively.

4. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in various institutions located in North Louisiana. The balances are insured either by the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC), or the National Credit Union Administration (NCUA) up to \$250,000. The organization's uninsured cash balances totaled \$-0- at June 30, 2023 and 2022.

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022, consisted of the following:

	2023	2022
Office Equipment	\$ 39,538	\$ 39,538
Office Furniture	11,305	11,305
Leasehold Improvements	4,350	4,350
Software	2,409	2,409
Building	1,330,272	1,316,699
Land	55,000	55,000
Total	1,442,874	1,429,301
Less: Accumulated Depreciation	(81,406)	(44,012)
Net Property and Equipment	\$ 1,361,468	\$ 1,385,289

Depreciation expense was \$37,394 and \$8,374 and for the years ended June 30, 2023 and 2022, respectively.

6. INVESTMENTS

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

As of June 30, 2023:

	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Mutual Funds	\$ 111,250	\$ -	\$ -
Equities	464,522	-	-
ETFs	9,722	-	-
Totals	\$ 585,494	\$ -	\$ -

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

As of June 30, 2022:

	Quoted Prices in Active Markets for Identical Assets (Level 1 Inputs)	Other Observable Inputs (Level 2 Inputs)	Significant Unobservable Inputs (Level 3 Inputs)
Mutual Funds	\$ 91,047	\$ -	\$ -
Equities	298,302	-	-
ETFs	205,657	-	-
Totals	\$ 595,006	\$ -	\$ -

At June 30, 2023 and 2022, the Organization's investments consisted of publicly traded equities, mutual funds, and exchange-traded funds totaling \$585,494 and \$595,006. Investments are reported at fair value using a Level 1 measure.

Investment return for the years ended June 30, 2023 and 2022, consists of:

	<u>2023</u>	<u>2022</u>
Interest and Dividend Income	\$ 21,004	\$ 24,080
Net Realized and Unrealized Gains/(Losses)	25,468	(90,786)
Total Investment Return	\$ 46,472	\$ (66,706)

Brokerage fees of \$3,988 and \$5,997 were paid for the fiscal years ended June 30, 2023 and 2022, respectively.

7. ENDOWMENT FUNDS

In 2012, the Organization received a bequest of marketable securities. The Board of Directors designated this investment fund as a general endowment fund to support the mission of the Organization. Since it resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The primary objective is the long-term growth of the fund's assets. It is recognized that short-term fluctuations may result in the loss of capital earned on occasion. However, in the absence of contributions and withdrawals, the asset value of the funds should grow in the long run and earn rates of return greater than those of an appropriate market index while avoiding excess risk. The next objective is the preservation of purchasing power. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation. The final objective is to preserve the value of the assets by earning a positive return over the investment time horizon. The Organization has adopted the total return concept to determine dollars available for distribution. This concept is based on a three year rolling annual average of asset values. An annual distribution of 5% is to be determined.

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that is balanced between equity-based investments and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Board of Directors opted at June 30, 2023, to take away the internal designation of the Board Designated Endowment so that the funds can be used to cover daily operations as needed now that the Shreveport office renovation has been completed.

Composition of and changes in endowment net assets for the year ended June 30, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Board-Designated Endowment Net Assets, Beginning	\$ 685,260	\$ 1,358,443
Investment Income, net of Brokerage Fees	17,016	18,083
Net Appreciation/(Depreciation)	25,468	(90,427)
Amounts Appropriated for Expenditure	(83,938)	(600,793)
Removal of Internal Designation by the Board of Directors	(643,806)	-
Board-Designated Endowment Net Assets, Ending	<u>\$ -</u>	<u>\$ 685,260</u>

8. REFUNDABLE ADVANCES

The Organization records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. The activity in the refundable advance account for the years ended June 30, 2023 and 2022, is reported as follows:

	<u>2023</u>	<u>2022</u>
Refundable Advances, Beginning	\$ 231,834	\$ 250,104
Grant Awards Received	297,395	309,624
Grant Expenditures	(246,308)	(327,894)
Refundable Advances, Ending	<u>\$ 282,921</u>	<u>\$ 231,834</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions consist of the following:

	6/30/21	Additions	Releases	6/30/22	Additions	Releases	6/30/23
Family Strengthening Lake Providence Monroe	\$ -	\$ 912,694	\$ 912,694	\$ -	\$ 779,174	\$ 779,174	\$ -
	28,606	3,350	12,409	19,547	9,650	11,810	17,387
	-	23,576	23,576	-	133,588	133,588	-
Totals	<u>\$ 28,606</u>	<u>\$ 939,620</u>	<u>\$ 948,679</u>	<u>\$ 19,547</u>	<u>\$ 922,412</u>	<u>\$ 924,572</u>	<u>\$ 17,387</u>

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

10. DONATED FACILITIES AND SERVICES

The fair value of donated use of facilities and donated services included as contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2023 and 2022, is as follows:

	2023	2022
Emergency Assistance	\$ 10,627	\$ 24,783
Immigration Services	-	12,791
Financial Education	14,170	5,596
Benefits Assistance	10,627	3,997
Gabriel's Closet	-	25,582
Management and General	-	4,797
Fundraising	-	2,398
Totals	\$ 35,424	\$ 79,944

The Organization's Shreveport location moved into its new location in April, 2022, therefore, use of the donated facilities for that location ended at that time. The Monroe office facilities are owned by the Diocese of Shreveport.

Numerous volunteers have donated significant amounts of time to the Organization's fund-raising campaign and program services. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$28,607 and \$32,785 for the years ended June 30, 2023 and 2022, respectively.

11. ADVERTISING

The Organization uses advertising to promote its programs among the clients served. The production costs of advertising are expensed as incurred. During the years ended June 30, 2023 and 2022, advertising costs totaled \$3,082 and \$1,253, respectively.

12. EMPLOYEE BENEFIT PLANS

The Organization provides a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code to its full-time employees through the Diocese. The Organization contributes from 0% to 5% of gross salaries to the plan, depending on the length of service, for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Plan expenses for the years ended June 30, 2023 and 2022, were \$14,224 and \$11,827, respectively. See Note 13.

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

13. RELATED PARTY TRANSACTIONS

Transactions with national organizations – The Organization maintains its tax exempt status by operating as a subordinate organization of the United States Conference of Catholic Bishops. No transactions occurred between the entities.

The Organization also has a relationship with its national affiliate. The Organization is required to remit annual dues to the national affiliate. These dues totaled \$2,000 and \$1,000 for the years ended June 30, 2023 and 2022. The Organization may also receive contributions and reimbursements from the national affiliate. No such contributions or reimbursements were received during the years ended June 30, 2023 and 2022.

Transactions with local organizations – The Diocese of Shreveport (the Diocese) administers an employee retirement savings plan, a flexible spending account, and insurance plans available to the Organization’s employees. For the years ended June 30, 2023 and 2022, the Organization made \$14,224 and \$11,827, respectively in employer contributions to the Diocese Employee Retirement Savings Plan and \$99,861 and \$56,436, respectively in employer contributions for health, life, and disability insurance plans. The Organization also reimburses the Diocese for various operating expenses, including property insurance, paid by the Diocese throughout the year on behalf of the Organization. Those reimbursements totaled \$3,302 and \$28,005, respectively for the fiscal years ended June 30, 2023 and 2022.

The Diocese also donated the use of facilities to the Organization. The amounts for the years ended June 30, 2023 and 2022, were as follows:

	2023	2022
Donated Use of Facilities	\$ 35,424	\$ 79,944
Total Received From The Diocese	\$ 35,424	\$ 79,944

Transactions with board members and employees – The following related party transactions occurred between the Organization and its board members and/or staff:

	2023	2022
Contributions	\$ 12,409	\$ 17,475

14. OPERATING LEASE

The Organization signed a 36 month vehicle lease commencing September 2022 and ending in September 2025. Lease payments are \$206 per month. The vehicle is kept in Shreveport at the Organization’s office, and used for business-related travel. During the fiscal years ended June 30, 2023 and 2022, lease payments of \$2,513 and \$3,777 were paid. Future minimum lease payments for the remainder of the lease period are as follows:

Fiscal Year Ending June 30:	
2024	\$ 2,472
2025	2,472
2026	\$ 618
Total	\$ 5,562

Catholic Charities of North Louisiana
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

15. LIQUIDITY AND AVAILABILITY

The board-designated endowment is subject to an annual spending rate of 5% as described in Note 6. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 262,368	\$ 345,179
Certificates of Deposit	21,524	21,022
Investments	585,494	595,006
Grant Receivable	-	300
Total Liquid and Available Assets	\$ 869,386	\$ 961,507
Donor Imposed Restricted Assets	(17,387)	(19,547)
Board Designated Assets	-	(785,260)
Financial Assets Available for General Expenditures Within One Year	\$ 851,999	\$ 156,700

16. CASH FLOW INFORMATION

Donated items on hand increased by \$9,753 for the year ended June 30, 2023 and decreased by \$40,166 for the year ended June 30, 2022.

17. BOARD DESIGNATED NET ASSETS

The Board of Directors has designated funds for specific purposes. Since this resulted from internal designations and is not donor-restricted, it is classified and reported as net assets without donor restrictions. The Board of Directors removed the internal designation as of June 30, 2023. (See Note 7.) Board Designated Net Assets consists of the following at June 30:

	2023	2022
Board designated Endowment Funds (See Note 7)	\$ -	\$ 685,260
Board designated for Monroe operations	-	100,000
Total Board Designated Net Assets	\$ -	\$ 785,260

18. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 4, 2023, which is the date the financial statements were available to be issued.

Supplemental Information

Catholic Charities of North Louisiana
Schedule of Program Expenses - By Activity
For The Year Ended June 30, 2023

Family Strengthening Program Expenses - By Activity						
	Emergency Assistance	Immigration Services	Financial Education	Benefits Assistance	Gabriel's Closet	Totals
Advertising and Promotion	\$ 940	\$ 25	\$ 2,038	\$ 17	\$ 38	\$ 3,058
Bank and Credit Card Fees	159	455	382	175	381	1,552
Computer Expenses	753	451	1,337	811	677	4,029
Conferences and Training	188	2,097	1,681	(867)	295	3,394
Cost of Special Events	-	-	81	-	-	81
Custodial	1,125	1,800	2,700	1,238	2,700	9,563
Depreciation	3,739	5,983	8,975	4,113	8,975	31,785
Dues & Subscriptions	873	4,371	10,644	947	1,784	18,619
Emergency Assistance Provided	264,517	-	-	-	-	264,517
Employee Benefits	6,450	25,719	19,188	9,369	2,723	63,449
Employee Screenings	62	100	68	161	175	566
Food and Supplies Disbursed	-	-	-	-	27,428	27,428
Equipment Rental	309	1,320	957	340	742	3,668
Insurance	2,981	4,771	7,156	3,280	7,156	25,344
Licenses & Fees	-	435	-	-	-	435
Meals and Entertainment	357	348	654	419	290	2,068
Payroll Taxes	9,274	8,841	12,199	6,028	2,598	38,940
Postage	111	2,812	268	173	268	3,632
Printing and Reproduction	485	777	1,201	534	1,165	4,162
Payroll and Accounting Fees	1,399	2,488	3,887	1,710	3,731	13,215
Rent - Donated Facilities	10,627	-	14,170	10,627	-	35,424
Rent	1,920	-	480	-	-	2,400
Repairs and Maintenance	1,318	2,108	3,163	1,450	3,163	11,202
Salaries and Wages	138,606	92,198	160,156	82,989	36,772	510,721
Supplies	1,699	1,861	3,206	1,787	2,118	10,671
Travel	888	476	2,703	2,620	674	7,361
Utilities	3,780	6,049	9,073	4,158	9,073	32,133
Vehicle Lease	513	820	1,230	564	1,230	4,357
Volunteer Expenses	160	-	40	-	200	400
Totals	\$ 453,233	\$ 166,305	\$ 267,637	\$ 132,643	\$ 114,356	\$ 1,134,174

See Independent Auditors' Report.

Catholic Charities of North Louisiana
Schedule of Program Expenses - By Activity
For The Year Ended June 30, 2022

Family Strengthening Program Expenses - By Activity						
	Emergency Assistance	Immigration Services	Financial Education	Benefits Assistance	Gabriel's Closet	Totals
Advertising and Promotion	\$ 940	\$ -	\$ -	\$ -	\$ -	940
Bank and Credit Card Fees	92	212	2	-	-	306
Computer Expenses	4,825	188	625	375	-	6,013
Conferences and Training	1,557	1,699	950	645	-	4,851
Depreciation	2,596	1,340	586	419	2,680	7,621
Dues & Subscriptions	404	1,695	236	-	-	2,335
Emergency Assistance Provided	455,359	-	-	-	-	455,359
Employee Benefits	13,890	12,106	11,566	14,991	-	52,553
Employee Screenings	48	96	48	144	-	336
Food and Supplies Distributed	-	-	-	-	55,742	55,742
Insurance	9,208	7,223	2,079	1,485	9,505	29,500
Licenses & Fees	-	40	-	-	-	40
Meals and Entertainment	-	10	896	152	-	1,058
Payroll Taxes	7,099	5,142	9,692	7,924	-	29,857
Postage	482	2,467	33	-	(80)	2,902
Printing and Reproduction	-	1,149	-	-	-	1,149
Payroll and Accounting Fees	4,682	2,416	1,057	755	4,833	13,743
Rent - Donated Facilities	24,783	12,791	5,596	3,997	25,582	72,749
Repairs and Maintenance	2,876	1,484	649	464	2,969	8,442
Salaries and Wages	97,602	71,698	130,125	106,659	-	406,084
Supplies	787	449	1,613	3,295	237	6,381
Temporary Services	-	-	-	1,308	-	1,308
Travel	980	70	818	139	-	2,007
Utilities	13,396	7,360	3,706	2,899	13,559	40,920
Vehicle Lease	1,171	604	-	-	1,209	2,984
Volunteer Expenses	-	-	-	-	141	141
Totals	\$ 642,777	\$ 130,239	\$ 170,277	\$ 145,651	\$ 116,377	\$ 1,205,321

See Independent Auditors' Report.

Catholic Charities of North Louisiana
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023

Agency Head:

Executive Director - Margaret Goorley

Purpose:

Salary	\$	-
Benefits - Payroll Taxes and Insurance		-
Travel		-
Reimbursements		-
Total Compensation, Benefits and Other Payments	\$	-

Catholic Charities of North Louisiana is a non-profit organization that receives public funds from time-to-time. During the fiscal year ended June 30, 2023, none of the Executive Director's salary, benefits, travel, or reimbursements were paid from public funds.

CAMERON, HINES & COMPANY

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Certified Public Accountants

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

Board of Directors
Catholic Charities of North Louisiana
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Catholic Charities of North Louisiana, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catholic Charities of North Louisiana'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Catholic Charities of North Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
October 4, 2023

**Catholic Charities of North Louisiana
Schedule of Findings and Responses
For The Year Ended June 30, 2023**

We have audited the financial statements of Catholic Charities of North Louisiana as of and for the year ended June 30, 2023, and have issued our report thereon dated October 4, 2023. 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. Our audit of the financial statements as of and for the year ended June 30, 2023, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ yes X no Significant Deficiencies ___ yes X no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards – N/A

Internal Control

Material Weaknesses ___ yes ___ no Significant Deficiencies ___ yes ___ no

Type of Opinion on Compliance
For Major Programs

Unmodified ___ Modified ___
Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards? (Uniform Guidance)

C. Identification of Major Programs – N/A

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

Is the auditee a “low-risk” auditee, as defined by the Uniform Guidance?

Section II - Financial Statement Findings

There were no findings for the year ended June 30, 2023.

Section III - Federal Award Findings and Question Costs

This section is not applicable for this entity.

Catholic Charities of North Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2023

A. Report on Internal Control and Compliance Material to the Financial Statements

There were no prior year findings for the year ended June 30, 2022.

Management Letter

No management letter was issued.

CATHOLIC CHARITIES OF NORTH LOUISIANA

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended June 30, 2023



CAMERON, HINES & COMPANY

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Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the **Board of Directors of Catholic Charities of North Louisiana** and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Catholic Charities of North Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Catholic Charities of North Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties,

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- i) ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Thirty-one exceptions noted where the entity's written policies and procedures did not address the required topics listed above.

² *The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.*

Board or Finance Committee³

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
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: No exceptions noted.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Four exceptions noted where reconciliations did not include evidence that a member of management or board member reviewed the bank reconciliation. One exception noted where management did not have documentation reflecting it has researched reconciliation items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.¹¹
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Findings: Three exceptions noted where not all funds from the deposit were made within one business day of receipt.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

¹¹ *The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.*

¹² *As required by Louisiana Revised Statute 39:1212.*

- ii. At least two employees are involved in processing and approving payments to vendors;
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings: No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each

¹³ Including cards used by school staff for either school operations or student activity fund operations.

card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

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

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹⁴. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Findings: One exception noted where the statement was not reviewed by someone other than the cardholder. One exception noted where documentation did not include an original receipt showing what was purchased. Thirty-five exceptions noted where the documentation did not include the purpose of the purchase. Three exceptions noted where the documentation did not list the names of those participating in meals.

Travel and Travel-Related Expense Reimbursements¹⁵ (excluding card transactions)

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

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings: No exceptions noted.

¹⁶ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: No exceptions noted.

¹⁷ "Officials" would include those elected, as well as board members who are appointed.

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

*Ethics*¹⁹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- 23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: This procedure is not applicable to the entity.

*Debt Service*²⁰

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: This procedure is not applicable to the entity.

*Fraud Notice*²¹

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

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

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

Findings: No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

Prevention of Sexual Harassment²²

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

²² While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: No exceptions noted.

Management's Response

We agree with the results of the procedures and will work to address the identified exceptions.

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

We are required to be independent of Catholic Charities of North Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Cameron Hines & Company (APAC)

West Monroe, Louisiana
October 4, 2023