

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.

MER ROUGE, LOUISIANA

FINANCIAL STATEMENTS

AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED

MARCH 31, 2022

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Morehouse Community Improvement Organization, Inc.
Bastrop, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Morehouse Community Improvement Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and related statement of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Morehouse Community Improvement Organization, Inc. as of March 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Morehouse Community Improvement Organization, Inc. and to meet our 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 opinions.

Responsibility of Management for the Financial Statements

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

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 auditors' 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 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 the Morehouse Community Improvement Organization, Inc.'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 the Morehouse Community Improvement Organization, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Expenditures of Federal Awards, 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* (Uniform Guidance), Statement of Expenditures - Budget and Actual, and the schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and 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 August 31, 2022 on our consideration of Morehouse Community Improvement Organization, 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 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 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 Morehouse Community Improvement Organization, Inc.'s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated August 31, 2022, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accounts and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
August 31, 2022

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

ASSETS

CURRENT ASSETS

Cash in Bank	127,243
Accounts Receivable - Grants	133,710
Contributions Receivable - Restricted	<u>432,000</u>

TOTAL CURRENT ASSETS 692,953

FIXED ASSETS

Furniture and Equipment (Net of Accumulated Depreciation)	<u>371,527</u>
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TOTAL FIXED ASSETS 371,527

OTHER ASSETS

Contributions Receivable - Restricted (Non-Current)	<u>1,404,000</u>
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TOTAL OTHER ASSETS 1,404,000

TOTAL ASSETS 2,468,480

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	109,201
Advance Funding	<u>-</u>

TOTAL LIABILITIES 109,201

NET ASSETS

Net Assets Without Donor Restrictions	
Operations	151,752
Fixed Assets	371,527
Net Assets With Donor Restrictions	<u>1,836,000</u>

TOTAL NET ASSETS 2,359,279

TOTAL LIABILITIES AND NET ASSETS 2,468,480

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

	Without Donor Restrictions		With Donor Restrictions	Total
	Operations	Fixed Assets		
<u>UNRESTRICTED</u>				
<u>SUPPORT AND REVENUE</u>				
Grants - HHS	2,810,807	-	-	2,810,807
Grants - USDA Food Program	175,251	-	-	175,251
Donations	205,177	-	-	205,177
Fund-Raising	78,978	-	-	78,978
Interest	191	-	-	191
Other Revenue	4,303	-	-	4,303
Reclassifications	432,000	-	(432,000)	-0-
<u>TOTAL SUPPORT AND REVENUE</u>	<u>3,706,707</u>	<u>-0-</u>	<u>(432,000)</u>	<u>3,274,707</u>
<u>EXPENSES</u>				
Program Services:				
Head Start (HHS)	3,046,883	44,408	-	3,091,291
USDA - Food Services	215,175	321	-	215,496
Youth Education	65,348	-	-	65,348
<u>TOTAL PROGRAM SERVICES</u>	<u>3,327,406</u>	<u>44,729</u>	<u>-0-</u>	<u>3,372,135</u>
<u>SUPPORT SERVICES</u>				
General and Administrative	323,165	4,344	-	327,509
<u>TOTAL SUPPORT SERVICES</u>	<u>323,165</u>	<u>4,344</u>	<u>-0-</u>	<u>327,509</u>
<u>FUND-RAISING</u>				
<u>TOTAL FUND-RAISING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL EXPENSES</u>	<u>3,650,571</u>	<u>49,073</u>	<u>-0-</u>	<u>3,699,644</u>
<u>INCREASE (DECREASE) IN NET ASSETS</u>	56,136	(49,073)	(432,000)	(424,937)
<u>CHANGES IN NET ASSETS</u>				
Acquisition of Property	-	-	-	-0-
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>95,616</u>	<u>420,600</u>	<u>2,268,000</u>	<u>2,784,216</u>
<u>NET ASSETS - END OF YEAR</u>	<u>151,752</u>	<u>371,527</u>	<u>1,836,000</u>	<u>2,359,279</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	<u>HEAD START</u>	<u>CHILD CARE FOOD PROGRAM</u>	<u>YOUTH EDUCATION</u>	<u>TOTAL PROGRAM SERVICES</u>
Salaries	1,386,405	153,106	-	1,539,511
Fringes	<u>462,033</u>	<u>12,683</u>	-	<u>474,716</u>
<u>TOTAL PERSONNEL</u>	<u>1,848,438</u>	<u>165,789</u>	<u>-0-</u>	<u>2,014,227</u>
Travel	966	233	-	1,199
Supplies	23,281	3,460	-	26,741
Food	80,831	13,830	-	94,661
Contractual	78,745	-	-	78,745
Donations	-	-	65,348	65,348
Other Costs	<u>1,014,622</u>	<u>31,863</u>	-	<u>1,046,485</u>
<u>TOTAL EXPENSES BEFORE DEPRECIATION</u>	3,046,883	215,175	65,348	3,327,406
<u>DEPRECIATION</u>	<u>44,408</u>	<u>321</u>	-	<u>44,729</u>
<u>TOTAL EXPENSES</u>	<u>3,091,291</u>	<u>215,496</u>	<u>65,348</u>	<u>3,372,135</u>

See Independent Auditors Report and accompanying notes.

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MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 MER ROUGE, LOUISIANA
 STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
 FOR THE YEAR ENDED MARCH 31, 2022

	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL EXPENSES</u>
Salaries	194,423	1,733,934
Fringes	<u>22,954</u>	<u>497,670</u>
 <u>TOTAL PERSONNEL</u>	 <u>217,377</u>	 <u>2,231,604</u>
 Travel	 546	 1,745
Supplies	12,964	39,705
Food	-	94,661
Contractual	14,115	92,860
Donations	-	65,348
Other Costs	<u>78,163</u>	<u>1,124,648</u>
 <u>TOTAL EXPENSES BEFORE DEPRECIATION</u>	 <u>323,165</u>	 <u>3,650,571</u>
 <u>DEPRECIATION</u>	 <u>4,344</u>	 <u>49,073</u>
 <u>TOTAL EXPENSES</u>	 <u>327,509</u>	 <u>3,699,644</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 MER ROUGE, LOUISIANA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2022

CASH FLOWS USED FOR OPERATING ACTIVITIES:

Change in Net Assets	(424,937)
Adjustments to Reconcile Changes in Net Assets	
To Net Cash Used for Operating Activities:	
Depreciation	49,073
(Increase) Decrease in Accounts Receivable - Grants	(13,000)
(Increase) Decrease in Contributions Receivable - Restricted	432,000
(Increase) Decrease in Accounts Payable and Accrued Expenses	(4,709)
Increase (Decrease) in Advance Funding	<u> -</u>
Net Cash Provided (Used) for Operating Activities	<u>38,427</u>

CASH FLOWS USED FOR INVESTING ACTIVITIES:

Purchase of Fixed Assets	<u> -</u>
Net Cash Provided (Used) for Investing Activities	<u> -0-</u>

<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	38,427
<u>CASH AND CASH EQUIVALENTS - MARCH 31, 2021</u>	<u>88,816</u>
<u>CASH AND CASH EQUIVALENTS - MARCH 31, 2022</u>	<u>127,243</u>

SUPPLEMENTAL DATA

Interest Paid	
Income Taxes Paid	-0-

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Method of Presentation

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America for not-for-profit organizations.

B. Organization

Morehouse Community Improvement Organization, Inc. was organized to promote and develop economic opportunities for the people of Morehouse and West Carroll parishes. The Organization is operated exclusively for charitable, educational, and scientific purposes. The main operation is a Head Start program. The Organization is not a component unit of any other governmental organization.

C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

E. Fixed Assets

Fixed assets acquired by the Organization are considered to be owned by the Organization. However, State and Federal funding sources maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State and Federal governments have a reversionary interest in those assets purchased with its funds.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 MER ROUGE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 MARCH 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Fixed Assets (Continued)

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the estimated service lives of the assets.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The following yearly lives have been assigned to the fixed assets:

Computer Equipment and Vehicles	5
Furniture, Fixtures and Equipment	7
Improvements	10
Buildings	39

Net values are computed as follows:

Computer Equipment and Vehicles	231,202
Furniture, Fixtures and Equipment	57,405
Improvements	358,785
Buildings	<u>128,167</u>
Total	775,559
Less: Accumulated Depreciation	<u>404,032</u>
<u>NET VALUE</u>	<u>371,527</u>

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction that increases that net asset class. When a temporary restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the same year in which the contributions are recognized.

G. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. Cash in Bank

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation. The Organization had \$-0- in the bank that was not insured by an agency of the federal government.

I. Related Party Transactions

There were no related party transactions for the year ended March 31, 2022.

J. Advertising Costs

Advertising costs are expensed as they are incurred. Advertising expenses for the year ended March 31, 2022 were \$-0-.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

K. Basis of Presentation

The financial statements have been prepared in accordance with U.S generally accepted accounting principles ("US GAAP"), which require the organization 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 organization. These net assets may be used at the discretion of the organization 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. 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.

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS:

The Organization receives its monies through various methods of funding. Most of the funds are received on a grant basis from federal, state and local sources. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method. The Organization also receives funds by contributions from both public and private sources.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS: (Continued)

The accounting and reporting of grants is determined by the underlying substance of the transaction. A grant may be accounted for as contribution, an exchange transaction, or a combination of the two. If it is determined to be a contribution, a grant may be considered a conditional or an unconditional grant.

Grants received for the period April 1, 2021 to March 31, 2022 are as follows:

<u>Funding Source</u>	<u>Revenue Recognized</u>
Federal	
Department of Health and Human Services (Excludes Interest Earned on Grant Funds)	
Head Start	2,810,807
Louisiana	
Department of Education	175,251

The grants are accounted for as contributions and are considered conditional based on the terms of the grant agreement.

The loss of either of these funding sources could have a negative effect on the Organization. The Head Start program is considered a major program.

The Organization operates the following programs:

Head Start Program - provides comprehensive early childhood development for disadvantaged pre-school children and their families.

USDA - Child and Adult Care Food Program - provides a food service program in coordination with the Head Start Program.

Youth Education - provides funding for various youth education activities.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 3 - GRANTS RECEIVABLE:

Grants receivable at March 31, 2022, consists of reimbursements for expenses incurred under the various grant programs. The following list presents grants receivable by fund at March 31, 2022:

Department of Education	17,903
Department of Health and Human Services	<u>115,807</u>
<u>TOTAL</u>	<u>133,710</u>

Management has determined that the receivable for bad debts is not material. Uncollectible amounts for other promises to give are also expected to be insignificant. Receivables are written off when management deems them not collectible.

NOTE 4 - BOARD OF DIRECTORS' COMPENSATION:

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

NOTE 5 - NON-CASH CONTRIBUTIONS:

The Organization received various non-cash contributions for the Head Start Program during the year from private and public sources. Contributions for occupancy costs and professional services totaled \$205,177, and have been reported as revenues, as these costs meet the criteria for recognition as contributions, and the offsetting expenses have been reported in the financial statements. The Organization also received donated services from volunteers which have not been recognized as revenue in the basic financial statements as these costs do not meet the criteria for recognition as contributions.

Donated services are recognized as contributions in accordance with professional standards (FASB ASC 958-605-25-16), if the services create or enhance a non-financial asset or require specialized skills, are provided by entities or persons possessing those skills and would need to be purchased if they were not donated.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 5 - NON-CASH CONTRIBUTIONS: (Continued)

Donated facilities are recognized as contributions in accordance with professional standards (FASB ASC 958-605-52-24) as the organization receives free use of some facilities.

NOTE 6 - INCOME TAX STATUS:

The Organization, a non-profit corporation, is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

NOTE 7 - ACCRUED LEAVE:

Management has determined that the liability for accrued leave, if any, is not material.

NOTE 8 - NONCOMPLIANCE FINDINGS AND QUESTIONED COSTS:

The Organization receives funding/grants from various government agencies and such funding is subject to certain requirements and conditions. Any items listed in the schedule of findings and questioned costs will be reviewed by the appropriate funding agency and a final resolution of the questioned costs will be made by such agency.

NOTE 9 - RETIREMENT:

The Organization does not maintain a retirement plan outside of social security for its employees.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions include donations for leased space of \$1,836,000, which are restricted for use in future periods.

NOTE 11 - LEASES:

The Organization had an annual lease with Smith & Smith, Limited, that called for payments in the amount of \$700 per month for the use of facilities and is renewable annually

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 11 - LEASES: (Continued)

on April 1, which ended during the year ended March 31, 2022. The Organization has an annual lease with the St. John's Community Enrichment Center, effective April 1, 2009, that calls for payments in the amount of \$700 per month for use of office space and is renewable annually. The Organization also has an annual lease with the Oak Grove Recreation Department that calls for payments in the amount of \$700 per month for use of facilities and is renewable annually. The Organization also has a month-to-month lease with St. John MBC, that calls for payments in the amount of \$500 per month for the use of facilities and is renewable annually.

On October 1, 2021, the Organization entered into an annual lease with Brian Moore Realty, that calls for payments in the amount of \$2,400 per month for the use of facilities. This lease is for a term of 4 years.

Future minimum lease payments to Brian Moore Realty:

<u>Year Ended March 31</u>	<u>Amount</u>
2023	28,800
2024	28,800
2025	28,800
2026	14,400
2027	-

On August 25, 2016, the Organization entered into a lease agreement with the Morehouse Parish School Board. The lease is for a term of ten years and requires an annual payment of \$100. The lease may be renewed only upon approval of the Morehouse Parish School Board.

Future minimum lease payments to Morehouse Parish School Board:

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 11 - LEASES: (Continued)

<u>Year Ended March 31</u>	<u>Amount</u>
2023	100
2024	100
2025	100
2026	100
2027	-

The Organization has an agreement with Ross Bus and Equipment to lease 3 buses. The lease is for a one-year period beginning on July 1, 2020 and is renewable annually. The lease calls for monthly payments in the amount of \$95 per school day.

Future minimum lease payments for Ross Buss and Equipment:

<u>Year Ended March 31</u>	<u>Amount</u>
2022	2,850

Lease expense paid by the Organization during the year ended March 31, 2022 was \$36,500.

Donated Facilities:

The Organization has a 10-year lease with the Morehouse Parish School Board which expires on June 30, 2026. The cost of this lease is donated to the Organization by the Morehouse Parish School Board.

NOTE 12 - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through August 31, 2022, the date the report was available for issue, and concluded that no additional subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 13 - UNCERTAIN TAX POSITIONS:

The Organization is subject to examination by various taxing authorities, including federal income tax examinations. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2021, 2020, 2019, 2018, and 2017 are open for examination by various taxing authorities.

NOTE 14 - BUDGET POLICY:

Budgets for the various programs are prepared by the Organization's Executive Director and approved by grantor of the funds for each respective program. Budgets versus actual expenditures are presented in the supplementary data for each grant period ending during the year ended March 31, 2022.

NOTE 15 - FUND-RAISING:

During the year, the Organization participated in a Bingo fund-raiser. The details of the fund-raising activities are as follows:

Gross Fund-Raising Revenue	205,338
Less: Cost of Direct Benefit to Participant	<u>126,360</u>
<u>Net Profit</u>	<u>78,978</u>

Other fund-raising expenses were not material.

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization's financial assets as of the balance sheet date of March 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
MARCH 31, 2022

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

Financial Assets at March 31, 2022 2,096,953

Less those unavailable for general expenditure
within one year, due to:

Donor-Restricted for Future Periods 1,836,000

Financial assets availability to meet cash
Needs for general expenditure, within one year 260,953

In addition to financial assets available to meet general expenditures over the year, MCIO anticipates covering its general expenditures using the income generated from contractual agreements with governmental agencies.

SUPPLEMENTARY FINANCIAL INFORMATION

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 MER ROUGE, LOUISIANA
 STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
 FOR THE PERIODS ENDED DURING FISCAL YEAR MARCH 31, 2022

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	Budgeted Over (Under) Actual <u>Expenditures</u>
<u>HEAD START</u>			
4/01/21 to 3/31/22			
Personnel	1,639,259	1,580,828	58,431
Fringe Benefits	413,194	484,987	(71,793)
Travel	-	1,512	(1,512)
Contractual	78,024	89,685	(11,661)
Operating Supplies	72,000	33,893	38,107
Other Costs	443,330	454,902	(11,572)
Capital Outlay	-	-	-
In-Kind Contributions	<u>653,576</u>	<u>637,177</u>	<u>16,399</u>
 <u>TOTALS</u>	 <u>3,299,383</u>	 <u>3,282,984</u>	 <u>16,399</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
 MER ROUGE, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 FOR THE PERIOD ENDED DURING FISCAL YEAR MARCH 31, 2022

AGENCY HEAD NAME/TITLE: ETHEL ROBINSON, EXECUTIVE DIRECTOR

<u>Purpose</u>	<u>Amount Paid with State Funds</u>
Salary	-0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Car allowance	-0-
Vehicle provided by government (enter amount reported on W-2)	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other - Training	-0-

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2022

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements/ Expenditures</u>
Department of Agriculture State of Louisiana/ Department of Education Child Care Food Program FYE March 31, 2022	10.558	N/A	145,946
Child Care Food Program COVID-19 FYE March 31, 2022	10.558	N/A	<u>29,305</u>
<u>Total Child Care Food Program</u>			<u><u>175,251</u></u>
Department of Health and Human Services			
* Head Start	93.600	O6CH011582-02-1	2,645,807
* Head Start COVID-19	93.600	O6HE000951-01-01	<u>81,353</u>
<u>Total Head Start Program</u>			<u>2,727,160</u>
<u>Total Expenditures of Federal Awards</u>			<u><u>2,902,411</u></u>

* Major Federal Program

See accompanying Notes to Schedule of Expenditures of Federal Awards

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2022

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Morehouse Community Improvement Organization, Inc., and is presented on the accrual basis of accounting. 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). Because the Schedule presents only a selected portion of the operations of Morehouse Community Improvement Organization, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morehouse Community Improvement Organization, Inc.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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. Morehouse Community Improvement Organization, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Morehouse Community Improvement Organization, Inc. did not provide federal awards to subrecipients.

See Independent Auditors Report and accompanying notes.

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COMPLIANCE REPORTS

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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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
Morehouse Community Improvement Organization, Inc.
Bastrop, 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 Morehouse Community Improvement Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2022.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morehouse Community Improvement Organization, Inc.'s financial statements are free of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
August 31, 2022

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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

Board of Directors
Morehouse Community Improvement Organization, Inc.
Bastrop, Louisiana

Opinion on Each Major Federal Program

We have audited Morehouse Community Improvement Organization, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Morehouse Community Improvement Organization, Inc.'s major federal programs for the year ended March 31, 2022. Morehouse Community Improvement Organization, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Morehouse Community Improvement Organization, Inc. 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 March 31, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Morehouse Community Improvement Organization, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Morehouse Community Improvement Organization, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Morehouse Community Improvement Organization, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Morehouse Community Improvement Organization, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Morehouse Community Improvement Organization, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Morehouse Community Improvement

Organization, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Morehouse Community Improvement Organization, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Morehouse Community Improvement Organization, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given those limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of 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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
August 31, 2022

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Morehouse Community Improvement Organization, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of Morehouse Community Improvement Organization, Inc.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Morehouse Community Improvement Organization, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were: Department of Health and Human Services - Head Start, CFDA No. 93.600.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Morehouse Community Improvement Organization, Inc. was determined to be a low-risk auditee.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

There were no financial statement findings or questioned costs for the year ended March 31, 2022.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

SECTION III - FINDINGS - FEDERAL AWARD PROGRAMS

There were no Federal Award Programs findings for the year ended March 31, 2022.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.

P.O. BOX 1154

BASTROP, LOUISIANA 71221

CORRECTIVE ACTION PLAN - CURRENT YEAR

Not applicable

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.
MER ROUGE, LOUISIANA
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
MARCH 31, 2022

There were no findings or questioned costs for the year ended March 31, 2021.

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Morehouse Community Improvement Organization, Inc. 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 year ended March 31, 2022. Morehouse Community Improvement Organization, Inc.'s management is responsible for those (C/C) areas identified in the SAUPs.

Morehouse Community Improvement Organization, Inc. 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 year ended March 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Organization's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **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.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) 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.

- 1) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: The written policies do not cover preparing, adopting, monitoring, and amending the budget.

The written policies do not cover periodic testing of backups, use of antivirus software on all systems, timely application of all systems and software, and identification of personnel, process, and tools needed to recover operations after a critical event.

The written policies do not cover travel-allowable expenses, dollar thresholds by category of expense, documentation requirements and required approvers.

The written policies do not cover contracting, including types of services, standard terms and conditions, legal review, approval process, and monitoring.

Except as otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

Board or Finance Committee

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity related to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal year.

Findings: No exceptions noted.

Bank Reconciliations

3. Obtain a listing of the Organization's 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) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months at the end of the statement closing date.

Findings: The General Fund bank reconciliation includes outstanding checks over twelve months old.

Except as otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

Collections

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

Findings: We obtained the listing and management's representation.

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.

Findings: No exceptions noted.

6. 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 enforced during the fiscal period.

Findings: No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). 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.

Findings: No exceptions noted.

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

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

Findings: We obtained the listing of locations that process payments and management's representation.

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.

Findings: The employee that mails checks is also responsible for processing payments.

Except as otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

10. For each location selected under #8 above, obtain the Organization'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 itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: No exceptions noted.

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

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.

Findings: We obtained the listing and management's representation.

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.

Findings: No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings: One item tested lacked proper supporting documentation.

Except as otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

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

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.

Findings: We obtained the general ledger and the Organization's travel and related expense reimbursements. We obtained management's representation.

No exceptions noted.

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:

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

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
- 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.

Findings: We obtained a list of contracts and management's representations.

No exceptions noted.

Payroll and Personnel

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

Findings: We obtained a listing of employees and management's representation.

No exceptions were noted.

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

- a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- b) Observe that supervisors approved the attendance and leave of the selected employees.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Findings: No exceptions noted.

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

Findings: We obtained a listing of terminated employees and management's representation.

No exceptions noted.

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.

Findings: No exceptions noted.

Ethics (excluding nonprofits)

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

- a) Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings: These procedures are not applicable to non-profit organizations.

21. 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 year.

Findings: These procedures are not applicable to non-profit organizations.

Debt Service

22. 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 bond/note issued.

Findings: No exceptions noted.

23. 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: We noted that the Organization did not have any outstanding debt during the fiscal period. This procedure is not applicable.

Fraud Notice

24. 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.

Findings: We noted that there were no misappropriations of public funds or assets reported to the Organization.

25. 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: The Organization does not have this notice posted on its premises.

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

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

(e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings: No exceptions noted.

Sexual Harassment

- 27. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, 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.
- 28. 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).
- 29. 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 it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

Findings: These procedures are not applicable to the non-profit.

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

This report is included 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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
Monroe, Louisiana
August 31, 2022