

MAYOR'S HEALTHY CITY INITIATIVE

Baton Rouge, Louisiana

Audited Financial Statements

December 31, 2019 and 2018



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Independent Auditor's Report

To the Board of Directors
Mayor's Healthy City Initiative
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Mayor's Healthy City Initiative (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mayor's Healthy City Initiative as of December 31, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of compensation, benefits, and other payments to Community Outreach Director, as required by Louisiana Revised Statute (R.S.) 24:513 A. (3) is 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 our audits 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 June 26, 2020, on our consideration of the Mayor's Healthy City Initiative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mayor's Health City Initiative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mayor's Healthy City Initiative's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA
June 26, 2020

MAYOR'S HEALTHY CITY INITIATIVE
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,452,674	\$ 626,714
Grants Receivable	-	10,000
Other Current Assets	2,233	2,686
	<hr/>	<hr/>
Total Current Assets	1,454,907	639,400
	<hr/>	<hr/>
Total Assets	\$ 1,454,907	\$ 639,400
	<hr/>	<hr/>
Liabilities		
Current Liabilities		
Accounts Payable	\$ -	\$ 61
Grants Payable	-	20,000
	<hr/>	<hr/>
Total Current Liabilities	-	20,061
	<hr/>	<hr/>
Net Assets		
Without Donor Restrictions	1,454,907	619,339
	<hr/>	<hr/>
Total Net Assets	1,454,907	619,339
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 1,454,907	\$ 639,400
	<hr/>	<hr/>

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

MAYOR'S HEALTHY CITY INITIATIVE
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues		
Corporate Contributions	\$ 64,861	\$ 96,242
Contributions, In-Kind	68,059	60,400
Grant Revenue	1,405,000	790,000
Other Income (Expense)	497	(114)
Total Revenues	1,538,417	946,528
Net Assets Released from Donor Restrictions	-	22,651
Total Revenues and Reclassifications	1,538,417	969,179
Expenses		
Program Services		
Healthy Initiative Program		
Grants Awarded	594,676	304,383
Support Services		
General and Administrative		
Amortization Expense	-	22,651
Salaries, In-Kind	68,059	60,400
Event Expense	4,499	29,648
Administrative	33,093	14,527
Insurance	2,522	1,279
Total Expenses	702,849	432,888
Increase in Net Assets Without Donor Restrictions	835,568	536,291
Changes in Net Assets With Donor Restrictions		
Net Assets Released from Donor Restrictions	-	(22,651)
Decrease in Net Assets With Donor Restrictions	-	(22,651)
Increase in Total Net Assets	\$ 835,568	\$ 513,640

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

MAYOR'S HEALTHY CITY INITIATIVE
Statements of Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Restrictions	Total
Net Assets, January 1, 2018, As Previously Reported	\$ 79,911	\$ 22,651	\$ 102,562
Prior Period Adjustment (Note 8)	3,137	-	3,137
Net Assets, January 1, 2018, As Adjusted	83,048	22,651	105,699
Increase (Decrease) in Net Assets	536,291	(22,651)	513,640
Net Assets, December 31, 2018	619,339	-	619,339
Increase in Net Assets	835,568	-	835,568
Net Assets, December 31, 2019	<u>\$ 1,454,907</u>	<u>\$ -</u>	<u>\$ 1,454,907</u>

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

**Mayor's Healthy City Initiative
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018**

	2019	2018
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 835,568	\$ 513,640
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Amortization	-	22,651
Decrease (Increase) in Grants Receivable	10,000	(10,000)
Decrease in Prepaid Expenses	-	1,279
Decrease in Other Current Assets	453	451
(Decrease) Increase in Accounts Payable	(61)	61
(Decrease) Increase in Grants Payable	(20,000)	20,000
	<u>825,960</u>	<u>548,082</u>
Net Cash Provided by Operating Activities	825,960	548,082
Increase in Cash and Cash Equivalents	825,960	548,082
Cash and Cash Equivalents, Beginning of Year	626,714	78,632
Cash and Cash Equivalents, End of Year	<u>\$ 1,452,674</u>	<u>\$ 626,714</u>

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

MAYOR'S HEALTHY CITY INITIATIVE

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Business

The Mayor's Healthy City Initiative (the Organization or MHCI) was formed as a non-profit corporation in May 2010. The mission of the Organization is to identify and coordinate efforts aimed at healthy eating and an active lifestyle into a unifying community commitment to better health. The Organization obtains funding through the City of Baton Rouge and other grants and then awards grants to third parties in order to achieve their goal of a healthier city.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements. These financial statements include only activities and transactions of the Organization.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains cash and cash equivalent balances with financial institutions that are federally insured.

Contributions and Grants Receivable

The Organization recognizes contributions when cash, securities or other assets; and unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions and grants receivable consist of unconditional promises to give to the Organization. Grants receivable totaled \$- and \$10,000 at December 31, 2019 and 2018, respectively. There were no unconditional or conditional promises to give at December 31, 2019 and 2018.

MAYOR'S HEALTHY CITY INITIATIVE

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributed Support

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Services

Donated services are recorded as contributions, in-kind at their fair market value, provided that there is a measurable, and objective basis or determining value. These amounts are included on the statements of activities and identified as in-kind contributions and expenses.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the financial statements. There are no categories of expenses that are attributed to more than one program or supporting function.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2019 and 2018 totaled \$-0-.

Recent Accounting Pronouncements Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. During the year ended December 31, 2019, the Organization implemented ASU 2018-08. The ASU has been applied using the modified prospective approach which did not have a material effect on the financial statement balances for the years ended December 31, 2019 and 2018.

MAYOR'S HEALTHY CITY INITIATIVE

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* to supersede nearly all existing revenue recognition under generally accepted accounting principles in the United States of America (U.S. GAAP). The core principle of ASU 2014-09 is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation.

In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective date for Certain Entities* which provided a limited deferral of the effective dates of ASU 2014-09 for certain entities that have not yet issued their financial statements. Therefore, ASU 2014-09 is effective for the Organization's annual reporting period beginning January 1, 2020, and for its interim reporting periods beginning January 1, 2021. The Organization may use one of two methods for applying ASU 2014-09: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the scope of ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined within ASU 2014-09. The Organization currently anticipates adopting the standard using the retrospective method with the cumulative effect of initially applying ASU 2014-09 recognized as a change in beginning net assets at the date of initial application. The ASU will be effective for MHCI beginning in the year ending December 31, 2020. The Organization is utilizing a comprehensive approach to assess the impact of the guidance on each of its revenue streams, including assessment of our performance obligations, principals versus agent considerations and variable considerations. Additionally, the Organization is evaluating the impact of the new guidance on disclosures, as well as the impact on controls to support the recognition. Based on the foregoing, the Organization does not currently anticipate this standard having a material impact on its financial statements.

Note 2. Related Party Transactions

During 2019 and 2018, the Organization received contributions from the Office of the Mayor-President in the amount of \$68,059 and \$60,400, respectively. This amount was received in-kind as salary expense for the time of one employee in the Mayor's office dedicated to this organization. The Office of the Mayor-President holds a seat on the Board of the Organization.

MAYOR'S HEALTHY CITY INITIATIVE

Notes to Financial Statements

Note 2. Related Party Transactions (Continued)

During 2019 and 2018, the Organization received contributions totaling \$17,500 and \$31,517, respectively, from various health organizations that have representation on the Board of Mayor's Healthy City Initiative.

During the 2019 and 2018, the Organization awarded grants totaling \$-0- and \$20,000, respectively, to the former Community Outreach Coordinator.

Note 3. Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

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

Note 4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2019	2018
Cash and Cash Equivalents	<u>\$ 1,452,674</u>	<u>\$ 626,714</u>
Total	<u>\$ 1,452,674</u>	<u>\$ 626,714</u>

As part of the Organization's liquidity management plan, the Organization maintains balances in excess of daily requirements in cash.

MAYOR'S HEALTHY CITY INITIATIVE

Notes to Financial Statements

Note 5. Intangible Assets

Intangible assets include \$67,951 at December 31, 2019 and 2018, respectively, related to the redesign of the Organization's Healthy BR website. The website was placed into service in January 2016 and amortized over a useful life of 3 years. Accumulated amortization totaled \$67,951 at December 31, 2019 and 2018. Amortization expense for 2019 and 2018 was \$-0- and \$22,651, respectively.

Note 6. Concentrations

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. At December 31, 2019 and 2018, the Organization had \$1,202,674 and \$376,714, respectively, in excess of the FDIC insured limit. The Organization has not experienced any losses on its cash equivalents.

Two donors made up 54% of the total contributions for the year ended December 31, 2019. Two donors made up 63% of the total contributions for the year ended December 31, 2018.

Two grantors made up 100% of total grant revenue for the year ended December 31, 2019. Two grantors made up 90% of total grant revenue for the year ended December 31, 2018.

Five grantees made up 62% of total grants awarded for the year ended December 31, 2019. Three grantees made up 78% of total grants awarded for the year ended December 31, 2018.

Note 7. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which MHCI operates.

MAYOR'S HEALTHY CITY INITIATIVE

Notes to Financial Statements

Note 7. Subsequent Events (Continued)

While it is unknown how long these conditions will last and what the complete financial effect will be to the company, to date, MHCI has not experienced significant disruption to ongoing efforts and programming. MHCI has not experienced a decline in revenue, and MHCI's funders for grants have responded with understanding about meeting objectives and deliverables.

Management has evaluated all subsequent events through June 26, 2020, the date the financial statements were available to be issued. The Organization is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.

Note 8. Prior Period Adjustment

The beginning net assets of MHCI incorrectly excluded other current assets that were donated in prior years. As a result, the net assets as of January 1, 2018 were increased by \$3,137, total assets at December 31, 2018 were increased by \$2,686, and total revenues for the year ended December 31, 2018 were decreased by \$451.

SUPPLEMENTARY INFORMATION

MAYOR'S HEALTHY CITY INITIATIVE
Statements of Compensation, Benefits, and Other Payments
to Community Outreach Director
For the Years Ended December 31, 2019 and 2018

Director of the Mayor's Healthy City Initiative:
Jared Hymowitz

Purpose	Amount
Salary	\$68,059
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Taxes	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

**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**

Independent Auditor's Report

To the Board of Directors
Mayor's Healthy City Initiative
Baton Rouge, 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 Mayor's Healthy City Initiative (the Organization), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 26, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA

June 26, 2020

**MAYOR'S HEALTHY CITY INITIATIVE
Schedule of Findings and Responses
For the Year Ended December 31, 2019**

Part I - Summary of Auditor's Results

Financial Statement Section

- | | |
|--|---------------|
| 1. Type of Auditor's Report Issued: | Unmodified |
| 2. Internal Control Over Financial Reporting: | |
| a. Material Weakness (es) Identified? | No |
| b. Significant Deficiency (ies) Identified? | None Reported |
| 3. Noncompliance Material to Financial Statements Noted? | No |

Federal Awards Section - Not Applicable

Part II - Financial Statement Findings Section

None.

MAYOR'S HEALTHY CITY INITIATIVE
Schedule of Prior Year Findings and Responses
For the Year Ended December 31, 2019

None.