

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Orleans Women & Children's Shelter, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of New Orleans Women & Children's Shelter, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the consolidated financial statements).

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Notes 1 and 7 to the consolidated financial statements, in 2022, the Organization adopted the new accounting guidance within Accounting Standards Codification ("ASC") 842, *Leases*. Our conclusion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the schedule of compensation, benefits and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023, on our consideration of Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Bruno & Tervalon, LLP

New Orleans, Louisiana
August 25, 2023

NEW ORLEANS WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

Current Assets:	
Cash and cash equivalents	\$ 927,013
Development fee receivable	6,733
Grants receivable	123,074
Prepaid expenses	<u>4,950</u>
Total current assets	<u>1,061,770</u>
Property and equipment, net	<u>4,617</u>
Other Assets	
Operating lease right-of-use asset - building, net of accumulated depreciation	172,383
Security deposits	<u>6,000</u>
Total other assets	<u>178,383</u>
Total assets	<u>\$ 1,244,770</u>
Current Liabilities:	
Accounts payable and accrued expenses	\$ 29,857
Current portion of operating lease liability	<u>54,748</u>
Total current liabilities	84,605
Operating lease liability, net of current portion	<u>117,635</u>
Total liabilities	<u>202,240</u>
Net Assets:	
Without donor restrictions	<u>1,042,530</u>
Total net assets	<u>1,042,530</u>
Total liabilities and net assets	<u>\$ 1,244,770</u>

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

NEW ORLEANS WOMEN AND CHILDREN'S SHELTER, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>
Revenues and Other Support	
Grants	\$ 1,213,775
Contributions	244,209
In-kind contributions-donated materials	149,667
Special events	105,307
Development fees	20,589
Interest income	<u>2,430</u>
Total revenues and other support	<u>1,735,977</u>
Expenses	
Program service	
Wraparound programs	1,185,429
Supporting services	
Management and general	358,051
Fundraising	<u>131,873</u>
Total expenses	<u>1,675,353</u>
Change in net assets	60,624
Net assets, beginning of year as restated	<u>981,906</u>
Net assets, end of year	<u><u>\$ 1,042,530</u></u>

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

NEW ORLEANS WOMEN AND CHILDREN'S SHELTER, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2022

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Wraparound Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries, benefits, and related expenses	\$ 444,322	\$ 239,705	\$ 77,694	\$ 761,721
Program consumables	520,198	-	-	520,198
Rent and utilities	72,643	39,190	12,702	124,535
Professions fees	92,757	50,041	16,220	159,018
Repair and maintenance	13,535	7,301	2,367	23,203
Supplies and printing	9,969	5,378	1,743	17,090
Insurance	29,109	15,704	5,090	49,903
Special events and fundraising	-	-	15,820	15,820
Depreciation expense	1,539	-	-	1,539
Other expenses	1,357	732	237	2,326
Total	<u>\$ 1,185,429</u>	<u>\$ 358,051</u>	<u>\$ 131,873</u>	<u>\$ 1,675,353</u>

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

NEW ORLEANS WOMENAND CHILDREN'S SHELTER, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ 60,624
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,539
Changes in operating assets and liabilities	
Grants receivable	50,007
Prepaid expenses	(400)
Accounts payable and accrued expenses	<u>18,335</u>
Net cash provided by operating activities	<u>130,105</u>
Net increase in cash and cash equivalents	130,105
Cash and cash equivalents, beginning of year	<u>796,908</u>
Cash and cash equivalents, end of year	<u><u>\$ 927,013</u></u>

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

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

History and Organization

The New Orleans Women & Children's Shelter, Inc. (the Organization), which opened in August 2007 in the aftermath of Hurricane Katrina (then known as the New Orleans Women's Shelter), focuses on breaking the cycle of homelessness and keeping homeless families from returning to the streets. The Organization's Wraparound Program provides a continuum of safe shelter, personalized case management, and wraparound services to homeless families at no cost and addresses the unique needs of each family to equip them with the skills and resources they need to live stable, independent, and fulfilling lives.

The Organization is organized as a private, non-profit corporation, chartered in the State of Louisiana, and granted 501(c)(3) status by the Internal Revenue Service. It is governed by a 12-member independent volunteer Board of Directors.

Basis of Consolidation and Presentation

These financial statements have been consolidated to include all accounts of New Orleans Women & Children's Shelter, Inc. and its wholly-owned subsidiary, Nows Iberville, L.L.C. All significant intercompany accounts and transactions have been eliminated. Investments in entities in which the Organization cannot exercise significant influence, but does own a majority equity interest, are accounted for using the equity method and are included as equity method investment on the consolidated statements of financial position.

Basis of Accounting

The consolidated financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments in money market funds to be cash equivalents.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) For the Year Ended December 31, 2022

New Orleans Women and Children Shelter closely monitors outstanding balances for all receivables and adhere to a standard set of protocols for collection activities to be undertaken at certain times based upon delinquency status. As such, no allowance for doubtful accounts has been established as of December 31, 2022. The receivable balance at December 31, 2022 totals \$123,074.

Property and Equipment

Property and equipment which meet the capitalization criteria are recorded at cost and are depreciated over their estimated useful life of 5 to 10 years. Leasehold improvements are amortized over the remaining life of the lease.

Net Assets

The accompanying consolidated financial statements have been prepared to focus on the Organization as a whole and to present its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported in two classes of net assets - without donor restrictions and with donor restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions at December 31, 2022.

Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or notification of a beneficial interest are 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. During the year ended December 31, 2022, the Organization did not receive any conditional promises to give.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2022

Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. For the year ended December 31, 2022, the Organization did not receive any amounts prior to incurring qualifying expenditures.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$1,000 during the year ended December 31, 2022.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of functional expenses for the year ended December 31, 2022, and present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a not-for-profit exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 income tax expense.

Use of Estimates

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

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2022

Recent Accounting Pronouncement

During the year ended December 31, 2022, the Organization adopted Accounting Standards Codification ("ASC"), Topic 842, *Leases*, for all material long-term operating leases. Under this new accounting pronouncement, the Organization recognized a right-of-use asset and lease liability calculated based on the present value of the lease payments not yet paid, discounted using appropriate discount rates at the lease commencement date. The right-of-use asset is initially equal to the lease liability plus any initial direct costs and prepaid lease payments, less any lease incentives received. Under this approach, amortization of right-of-use asset is charged to rent expense, which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property, in which case that basis will be used.

The lease liability for an operating lease at any given time is calculated as the present value of the lease payments not yet paid, discounted by using the rate that was established on the lease commencement date.

The right-of-use asset, at any given time, is measured as the right-of-use asset balance at the beginning of the period, adjusted by the current-period right-of-use asset amortization, which is calculated as the current-period lease cost adjusted by the lease liability accretion to the then outstanding lease balance.

Changes in present value discount on operating leases are charged to the respective lease expense based upon the nature of the right-of-use asset that gave rise to the discount.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at December 31, 2022:

Cash and cash equivalents	\$ 927,013
Development fee receivable	6,733
Grants receivable	<u>123,074</u>
	<u>\$1,056,820</u>

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2022

Note 3 - Concentration of Credit Risk

The Organization periodically maintains cash in bank accounts in excess of insured limits. At December 31, 2022, the Organization's cash included bank deposit accounts aggregating approximately \$622,982 in excess of the Federal Deposit Insurance Corporation limit of \$250,000 per institution.

Subsequent to December 31, 2022, the Organization made an arrangement with a certain financial institution, who holds most of the Organization's bank deposits, that stated the financial institution will purchase securities to be used as collateral against the excess of deposits over FDIC insurance coverage limit.

Note 4 – Development Fee Receivable

On August 5, 2013, the Organization entered into an agreement with a certain real estate development company to assist in developing a 23-unit residential project (the Project) in New Orleans, Louisiana.

The Organization is to receive a fee totaling \$485,117, of which \$148,196 is based on cash flow to the extent available for payment of such fee by the Project, through December 31, 2028. As of December 31, 2022, the Organization has earned a total of \$451,536 of development fees and has a receivable balance of \$6,733.

Note 5 - Property and Equipment

At December 31, 2022, property and equipment consisted of the following:

Leasehold improvements	\$15,390
Less: accumulated depreciation	<u>(10,773)</u>
Property and equipment, net	<u>\$4,617</u>

Depreciation expense totaled \$1,539 for the year ended December 31, 2022.

Note 6 - Equity Method Investment

Equity Investment in Iberville Offsite Rehab 2 Managing Member, L.L.C.

On August 2, 2013, NOWS Iberville, L.L.C. (NOWSI), a wholly-owned subsidiary of the Organization, contributed \$100 to acquire 51% interest of Iberville Offsite Rehab 2 Managing Member, L.L.C. (the Investee). The equity method was suspended during the year ended December 31, 2015, as NOWSI's share of net losses exceeded its capital contribution. At

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2022

December 31, 2022, the capital account of NOWSI had an accumulated deficit of \$15,051 and the carrying amount of the investment was \$-0-. NOWSI does not have effective control of the Investee and is not committed to provide further financial support for the Investee per the operating agreement.

Note 7 - Operating Lease

In February 2014, the Organization entered into an agreement to occupy office space under a non-cancellable operating lease. The initial term of the lease was for a four (4) year period ended January 31, 2018. The Organization exercised two (2) additional four (4) year lease renewal options to extend the lease term. The lease calls for monthly installments of \$4,800 expiring on January 31, 2026.

Operating lease costs for this facility were \$57,600 for the year ended December 31, 2022 and are included in rent expense in the consolidated statement of functional expenses.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liability as of December 31, 2022:

Fiscal Year Ending December 31,	
2023	\$ 57,600
2024	57,600
2025	57,600
2026	<u>4,800</u>
Total lease payments	177,600
Less present value discount	<u>(5,217)</u>
Total lease liability	<u>\$ 172,383</u>

The remaining lease term (in months) and discount rates for the above-mentioned lease were as follows for the year ended December 31, 2022:

Remaining lease term	37
Discount rate	2.00%

Operating cash flows from the operating lease totaled \$57,350 for the year ended December 31, 2022.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2022

Note 8 - Functionalized Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and related expenses, rent and utilities, supplies and printing, insurance, professional fees, and other expenses, which are allocated on the basis of estimates of time and effort.

Note 9 - In-kind donated materials

The value of in-kind donated materials is recognized as support at estimated fair market value at the time that the donated materials are received with an equal and offsetting amount included in the appropriate expense category, for the year ended December 31, 2022. The value of in-kind donated materials received was \$149,667.

Note 10 - Concentration of Revenue and Other Support Sources

State and federal grants account for 70% of the Organization's total revenues and other support for the year ended December 31, 2022. Contributions account for 21% of the Organization's total revenues and other support for the year ended December 31, 2022. If the amount of revenue and other support received should fall below budgeted award levels, the Organization's operating results could be adversely affected.

Note 11 - Prior period adjustments

Net assets as of December 31, 2021 were restated for adjustments to receivables and revenue resulting a decrease in net assets of \$33,721. Net assets at January 1, 2022 have been restated as follows:

Net assets, beginning of year, as previously reported	\$ 1,015,627
Prior period adjustment	<u>(33,721)</u>
Net assets, beginning of year, as restated	<u>\$ 981,906</u>

Note 12 - Subsequent events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 25, 2023, and determined that no events occurred that require disclosure.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER. INC.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD**

For the Year Ended December 31, 2022

Agency Head: Dawn Fletcher

<u>Item</u>	<u>Amount</u>
Salary	\$ 88,269
Bonus	11,393
Benefits - Insurance	10,366
Benefits - Retirement	-
Registration fees	<u>3,000</u>
Total	<u>\$ 113,028</u>

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS WOMEN CHILDREN'S SHELTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

<u>Program Title</u>	<u>Pass Through Organization</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development				
Title IV McKinney-Vento Homeless Assistance Act	Unity of Greater New Orleans	14.267	LA0189L6H032010	\$ 21,733
Transitional Housing	Unity of Greater New Orleans	14.267	LA0189L6H032111	120,486
Total Title IV McKinney-Vento Homeless Assistance Act				<u>142,219</u>
Title IV - McKinney-Vento Homeless Assistance Act	Unity of Greater New Orleans	14.267	LA0058L6H032013	257,242
Rapid Rehousing	Unity of Greater New Orleans	14.267	LA0058L6H032114	165,205
Total Title IV - McKinney-Vento Homeless Assistance Act				<u>422,447</u>
Title IV McKinney-Vento Homeless Assistance Act	City of New Orleans	14.231	ESG-035A	128,630
Total Title IV McKinney-Vento Homeless Assistance Act				<u>128,630</u>
Title IV McKinney-Vento Homeless Assistance Act	Jefferson Parish	14.231	137357	328,672
Total Title IV McKinney-Vento Homeless Assistance Act				<u>328,672</u>
Title IV McKinney-Vento Homeless Assistance Act	Jefferson Parish	14.231	141777	60,874
Total Title IV McKinney-Vento Homeless Assistance Act				<u>60,874</u>
	Total U.S. Department of Housing and Urban Department			<u>1,082,842</u>
U.S. Department of Agriculture:				
Food Stamp Programs (E & T)	Department of Children and Family Services	10.561	LA420142	10,137
Food Stamp Programs (E & T)	Department of Children and Family Services	10.561	LA420142	8,514
Total Food Stamp Programs (E & T)				<u>18,651</u>
	Total U.S. Department of Agriculture			<u>18,651</u>
	Total Federal Awards			<u>\$ 1,101,493</u>

See Independent Auditors' Report on Supplementary Information and the Accompanying Notes to the Schedule of Expenditures of Federal Awards.

NEW OLREANS WOMEN & CHILDREN’S SHELTER, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of New Orleans Women & Children’s Shelter, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements for *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rate

New Orleans Women & Children’s Shelter, Inc. has not elected to use the 10-percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

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

To the Board of Director of
New Orleans Women & Children's Shelter, Inc.
New Orleans, 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 consolidated financial statements of New Orleans Women & Children's Shelter, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 25, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 consolidated financial statements are free from misstatement we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-001.

The Organization's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Legislative Auditor as a public document.

Bruno & Tervalon, LLP

New Orleans, Louisiana
August 25, 2023

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

To the Board of Directors of
New Orleans Women & Children's Shelter, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited the New Orleans Women & Children's Shelter, Inc.'s (the Organization) 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 the Organization's major federal program for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2022.

Basis for Opinion on the 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 the Organization 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 the Organization'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 the Organization'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 the Organization'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, misrepresentations, 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 these 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 were not 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.

Purpose of the Report

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon, LLP

New Orleans, Louisiana

August 25, 2023

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: **Unmodified Opinion.**
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **No.** Material weakness: **No.**
- C. Noncompliance which is material to the financial statements: **Yes.**
- D. Significant deficiencies in internal control over major programs: **No.** Material weaknesses: **No.**
- E. The type of report issued on compliance for major programs: **Unmodified Opinion.**
- F. Any audit findings which are required to be reported in accordance with 2 CFR 200.516(a): **No.**
- G. Major programs:
 - United States Department of Housing and Urban Development
 - Transitional Housing (CFDA No. 14.267)
 - Rapid Rehousing (CFDA No. 14.267)
- H. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- I. Auditee qualified as a low-risk auditee under *the Uniform Guidance*: **No.**
- J. A management letter issued: **No.**

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2022

Section II - FINANCIAL STATEMENT FINDINGS

2022-01 – Untimely Submission of Report

Initial Year of Finding – 2022 Fiscal Year

Criteria

Pursuant to the requirement of Louisiana Statute R.S. 24:513 a. (5)(a)(i), annual financial reports shall be completed within six (6) months of the close of an entity's fiscal year and submitted to the Louisiana Legislative Auditor.

Conditions and Perspective

The December 31, 2022 audit report was not submitted to the Louisiana Legislative Auditor (LLA) by the statutory due date. A non-emergency extension to file the audit report with the LLA was approved.

Cause

The requirement for the Organization to have a Single Audit was determined by the auditors in the beginning of June 2023. As such, the auditors needed adequate time to complete the single audit, which caused the entity-wide audit to be completed after the June 30, 2023 statutory due date to file annual reports to the LLA.

Effect

The Organization has not complied with the audit reporting requirement of the State of Louisiana.

Recommendation

We recommend that the management of the Organization take the necessary steps to ensure that its annual financial reports are filed with the Louisiana Legislative Auditor by the statutory due date.

View of Responsible Official of the Organization

The management of the Organization agrees with the finding. See accompanying corrective action plan.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For The Year Ended December 31, 2022**

**Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

No matters were reported.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

PRIOR YEAR FINDINGS AND RESPONSES

For the Year Ended December 31, 2022

Section I - Financial Statement Findings

2021-001 - Grants Receivable and Grants Revenue

Condition:

In reviewing the grants receivable balance, we noted that the Organization was not appropriately reconciling the ending balance to supporting documentation.

Cause:

Grants receivable recouped during subsequent requests for reimbursement were double-counted.

Effect:

Grants receivable and grants revenue were overstated in 2021.

Recommendation:

We recommend that management improve the internal tracking of and controls over grants receivable and revenue.

Management's Response:

Management is working with an outside accountant to improve internal processes over the handling of grants receipts and the tracking of grants receivable.

Current Status:

Resolved.

NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

PRIOR YEAR FINDINGS AND RESPONSES (CONTINUED)

For the Year Ended December 31, 2022

Section I - Financial Statement Findings, Continued

2021-002 - Period-End Reconciliations and Review

Condition:

In reviewing bank reconciliations, general ledger activity, and manual journal entries, we noted that the Organization was not appropriately reviewing period-end reconciliations and journal entry activity.

Cause:

There are missing review controls over month-end close.

Effect:

There were adjusting entries throughout the course of the audit.

Recommendation:

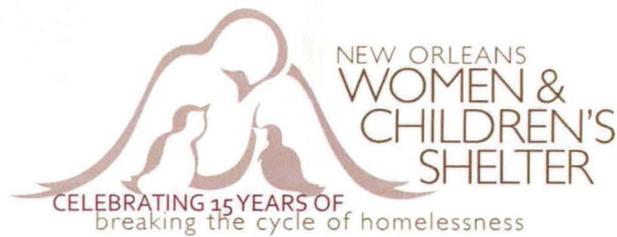
We recommend that management improve controls over month-end close and review of journal entries.

Management's Response:

Management is working with an outside accountant to improve internal processes over month-end close.

Current Status:

Resolved.



September 12, 2023

Bruno & Tervalon LLP
4298 Eysian Fields, Ste. A
New Orleans, LA 70122
RE: 2022-01 – Untimely Submission of report

For future audit submissions the New Orleans Women & Children's Shelter will make the proper assessments early on to determine if a single audit is required. If a single audit is required, the New Orleans Women & Children's Shelter will determine the timing needed to complete and submit the final audit. We will also determine if any other extenuating circumstances will potentially prevent the agency from filing in time. At the same time, we will conclude if we need to submit a request to report late due to extenuating circumstances. Our goal is to comply, and we will make every attempt to ensure we meet the appropriate deadlines.

Sincerely,



Dawn Bradley-Fletcher, Executive Director

NEW ORLEANS WOMEN & CHILDREN'S SHELTER

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EXECUTIVE DIRECTOR Dawn Bradley-Fletcher

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

To the Board of Directors of the New Orleans Women and Children's Shelter, 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 December 31, 2022. The New Orleans Women and Children's Shelter, Inc.'s (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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 December 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:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions were noted.
 - ii. ***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.
No exceptions were noted.

- iii. **Disbursements**, including processing, reviewing, and approving.
No exceptions were noted.
- iv. **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).
No exceptions were noted.
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
No exceptions were noted.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions were noted.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions were noted.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions were noted.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
No exceptions were noted.

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

No exceptions were noted.

- xi. **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.

No exceptions were noted.

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

No exceptions were noted.

2) Board or Finance Committee

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

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

No exceptions were noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the

minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were noted.

3) Bank Reconciliations

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

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

4) Collections (excluding electronic funds transfers)

A. 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).

B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
No exceptions were noted.
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
No exceptions were noted.
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
No exceptions were noted.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
No exceptions were noted.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
No exceptions were noted.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
No exceptions were noted.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions were noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were noted.
- iv. 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 and the cash is stored securely in a locked safe or drawer).
No exceptions were noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions were noted.

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

- A. 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).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions were noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions were noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
No exceptions were noted.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exceptions were noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were noted.

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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were noted.

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

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

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

No exceptions were noted.

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

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card

purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions were noted.

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

No exceptions were noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions were noted.

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

No exceptions were noted.

8) *Contracts*

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

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

No exceptions were noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions were noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions were noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
No exceptions were noted.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
No exceptions were noted.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
No exceptions were noted.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
No exceptions were noted.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
No exceptions were noted.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
No exceptions were noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
No exceptions were noted.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
No exceptions were noted.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
No exceptions were noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
No exceptions were noted.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
No exceptions were noted.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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

No exceptions were noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

No exceptions were noted.

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

No exceptions were noted.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions were noted.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were noted.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were noted.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions were noted.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions were noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions were noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions were noted.

- v. Amount of time it took to resolve each complaint.

No exceptions were noted.

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

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

Bruno & Tervalon, LLP

New Orleans, Louisiana

August 25, 2023