



February 20, 2026

Michael J. Waguespack  
Legislative Auditor  
1600 N. 3<sup>rd</sup> Street  
Baton Rouge, Louisiana 70804-9397

Re-issuance of financial statement audit report

Odyssey House of Louisiana, Inc. (Entity ID 8145)

RICHARD CPAS is submitting the attached re-issued consolidated financial statement audit report as of and for the year ended June 30, 2024.

The following changes were limited to the Single Audit section of the report and were made to the reporting package:

1. The Schedule of Federal Awards (SEFA) on page 29 did not include U.S. Department of Treasury COVID-19, Coronavirus State and Local Fiscal Recovery Funds, in the amount of \$1,752,648. This amount was added to the SEFA and tested as a major program.
2. The Notes to the Schedule of Expenditures of Federal Awards (the Notes) on page 34 were updated. The Notes include an additional disclosure related to the *Correction of the Schedule of Federal Awards, Compliance, Report, and Findings and Questioned Costs*.
3. The Schedule of Findings and Questioned Costs on page 31 did not identify the COVID-19, Coronavirus State and Local Fiscal Recovery Funds, as a Major Program. This has been corrected. The Material Weakness for the Financial Statements identified was changed from "No" to "Yes." The Material Weakness for Federal Awards identified was changed from "No" to "Yes."
4. The Schedule of Findings and Questioned Costs included pages not in the Original Report for Findings Relating to the Consolidated Financial Statements Reported in accordance with *Government Auditing Standards* and Findings and Questioned Costs related to Federal Awards on pages 32-33, respectively. Management's responses to the findings are included in the re-issued report.

The Independent Auditor's Report on pages 1-3, the 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* on pages 23 and 24, and the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance on pages 25-28 were changed to dual date the reports in accordance with the applicable reporting standards. Our opinion remains unmodified for all the respective reports.

Sincerely,

*Richard CPAS*

RICHARD CPAS

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**ODYSSEY HOUSE LOUISIANA, INC.**  
**NEW ORLEANS, LOUISIANA**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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**ODYSSEY HOUSE LOUISIANA, INC.**  
**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**ODYSSEY HOUSE LOUISIANA, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Odyssey House Louisiana, Inc.  
New Orleans, Louisiana

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of Odyssey House Louisiana, Inc. (the Organization), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2024, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statement. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Odyssey House Louisiana, Inc. as of June 30, 2024, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Odyssey House Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Prior Period Financial Statements**

The consolidated financial statements of Odyssey House Louisiana, Inc. for the year ended June 30, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on December 31, 2023.

## **Responsibilities of Management for the Financial Statements**

Management of the Organization is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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

## **Auditor's Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Compensation, Benefits, and Other Payments to the Chief Executive Officer on page 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements (Restated), Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Compensation, Benefits, and Other Payments to the Chief Executive Officer and schedule of expenditures of federal awards 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 December 23, 2024, on our consideration of the 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 the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

### **Other Matter – Reissuance of Report**

Our report dated December 23, 2024, has been reissued on February 20, 2026, to include an additional major program that was inadvertently omitted from the Schedule of Expenditures of Federal Awards in the originally issued report. This reissuance reflects the addition of the 21.027 Coronavirus State and Local Fiscal Recovery Funds (a COVID-19 program) and the related audit procedures performed. Except for the addition of this program and related revisions, no other changes have been made to the report.

*Richard CPAS*

Metairie, Louisiana

December 23, 2024, except to our report on the schedule of expenditures of federal awards which is as of February 20, 2026.

**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

<b><u>ASSETS</u></b>	<u>2024</u>	<u>2023</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 3,203,881	\$ 2,475,301
Patient receivables	1,812,430	1,316,900
Grants and program receivables	2,637,307	2,563,343
Inventory	189,753	89,301
Prepaid expenses and deposits	274,076	365,116
Total current assets	8,117,447	6,809,961
<b><u>PROPERTY, BUILDINGS, EQUIPMENT</u></b>		
Buildings and improvements	14,917,840	11,936,106
Furnitures, fixtures, and equipment	3,214,806	3,066,119
Land and improvements	1,512,177	1,057,575
	19,644,823	16,059,800
Less: accumulated depreciation	(6,939,119)	(6,091,045)
Construction in progress	89,069	333,076
Total property, buildings, and equipment	12,794,773	10,301,831
<b><u>RIGHT OF USE ASSETS</u></b>		
	2,702,912	3,536,079
<b><u>OTHER ASSETS</u></b>		
Beneficial interest in assets held by community foundation	18,983	17,087
Investment in 2700 Bohn Motor, LLC	68,416	189,705
Total other assets	87,399	206,792
<b><u>TOTAL ASSETS</u></b>	\$ 23,702,531	\$ 20,854,663
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 3,038,563	\$ 1,780,056
Operating lease liabilities, current portion	956,672	791,395
Refundable advances	14,741	16,177
Long-term debt, current	100	100
Total current liabilities	4,010,076	2,587,728
<b><u>LONG-TERM LIABILITIES</u></b>		
Long-term debt	760,316	760,316
Operating lease liabilities, net of current maturities	1,948,785	2,889,149
Total long-term liabilities	2,709,101	3,649,465
<b><u>TOTAL LIABILITIES</u></b>	6,719,177	6,237,193
<b><u>NET ASSETS</u></b>		
Without donor restrictions	16,977,277	14,611,393
With donor restrictions	6,077	6,077
<b><u>TOTAL NET ASSETS</u></b>	16,983,354	14,617,470
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	\$ 23,702,531	\$ 20,854,663

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

**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>						
Patient revenue	\$ 22,103,354	\$ -	\$ 22,103,354	\$ 18,596,655	\$ -	\$ 18,596,655
Program revenue - cost reimbursement	10,130,755	-	10,130,755	8,145,790	-	8,145,790
Program revenue - fee for service	3,906,134	-	3,906,134	3,682,040	-	3,682,040
Insurance-proceeds	483,157	-	483,157	109,131	-	109,131
Contributions - nonfinancial assets	304,704	-	304,704	-	-	-
Other	189,035	-	189,035	78,458	-	78,458
Gain on sale of property	168,726	-	168,726	639,541	-	639,541
Rental income	86,841	-	86,841	105,179	-	105,179
Investment return, net	29,829	-	29,829	13,881	-	13,881
Contributions - cash and other financial assets	26,415	-	26,415	42,681	-	42,681
Employee retention credits	-	-	-	4,453,951	-	4,453,951
Net assets released from restrictions	-	-	-	-	-	-
Total revenue and other support	<u>37,428,950</u>	<u>-</u>	<u>37,428,950</u>	<u>35,867,307</u>	<u>-</u>	<u>35,867,307</u>
<b>EXPENSES</b>						
Program services:						
Residential/detox services	18,743,677	-	18,743,677	16,949,695	-	16,949,695
Outpatient/medical services	6,483,444	-	6,483,444	6,345,771	-	6,345,771
Community and supporting services	1,642,831	-	1,642,831	1,449,013	-	1,449,013
Prevention	1,007,264	-	1,007,264	698,332	-	698,332
340-B Pharmacy	2,833,484	-	2,833,484	1,127,693	-	1,127,693
Total program services	<u>30,710,700</u>	<u>-</u>	<u>30,710,700</u>	<u>26,570,504</u>	<u>-</u>	<u>26,570,504</u>
Supporting activities:						
Management and general	4,294,698	-	4,294,698	4,585,621	-	4,585,621
Fundraising	57,668	-	57,668	70,566	-	70,566
Total supporting services	<u>4,352,366</u>	<u>-</u>	<u>4,352,366</u>	<u>4,656,187</u>	<u>-</u>	<u>4,656,187</u>
Total expenses	<u>35,063,066</u>	<u>-</u>	<u>35,063,066</u>	<u>31,226,691</u>	<u>-</u>	<u>31,226,691</u>
<b>CHANGE IN NET ASSETS</b>	2,365,884	-	2,365,884	4,640,616	-	4,640,616
<b>NET ASSETS, BEGINNING OF YEAR</b>	14,611,393	6,077	14,617,470	9,970,777	6,077	9,976,854
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 16,977,277</u>	<u>\$ 6,077</u>	<u>\$ 16,983,354</u>	<u>\$ 14,611,393</u>	<u>\$ 6,077</u>	<u>\$ 14,617,470</u>

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

**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONOLIDATED STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>					<u>Supporting Services</u>		<u>Total</u>
	<u>Residential/Detox</u>	<u>Outpatient / Medical</u>	<u>Community and Supporting Services</u>	<u>Prevention</u>	<u>340-B Pharmacy</u>	<u>Management and General</u>	<u>Fundraising</u>	
Compensation	\$ 11,433,753	\$ 3,951,865	\$ 453,091	\$ 803,515	\$ 16,179	\$ 2,792,825	\$ 56,872	\$ 19,508,100
Contract Services	2,080,726	617,330	35,673	90,639	384,939	498,715	-	3,708,022
Supplies	681,246	173,525	963	65,415	2,378,644	54,044	34	3,353,871
Occupancy	1,815,487	510,682	101,027	19,224	18,611	107,494	704	2,573,229
Kitchen	1,329,297	366,058	-	-	-	517	-	1,695,872
Insurance	376,092	239,878	129,751	11,034	27,046	168,375	-	952,176
Client specific assistance	159,387	59,657	719,203	-	246	722	-	939,215
Depreciation	328,166	318,143	123,596	2,052	-	62,844	-	834,801
Staff training and other	83,224	23,912	4,040	3,590	286	315,594	58	430,704
Repairs and maintenance	223,843	52,826	42,581	-	709	8,261	-	328,220
Miscellaneous	44,454	29,521	16,618	540	6,299	103,437	-	200,869
Staff travel	10,554	19,210	65	2,998	226	132,899	-	165,952
Development	7,858	86,536	-	1,768	117	18,199	-	114,478
Vehicles	63,444	13,661	9,342	1,629	-	11,959	-	100,035
Copying and Printing	57,875	19,964	5,470	4,724	-	8,880	-	96,913
Equipment	46,288	619	1,278	-	72	1,300	-	49,557
Special Events	1,928	-	-	-	-	4,526	-	6,454
Shipping and postage	55	57	133	136	110	4,107	-	4,598
<b>Total</b>	<b><u>\$ 18,743,677</u></b>	<b><u>\$ 6,483,444</u></b>	<b><u>\$ 1,642,831</u></b>	<b><u>\$ 1,007,264</u></b>	<b><u>\$ 2,833,484</u></b>	<b><u>\$ 4,294,698</u></b>	<b><u>\$ 57,668</u></b>	<b><u>\$ 35,063,066</u></b>

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

(continued)

**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONOLIDATED STATEMENT OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services					Supporting Services		Total
	Residential/Detox	Outpatient / Medical	Community and Supporting Services	Prevention	340-B Pharmacy	Management and General	Fundraising	
Compensation	\$ 11,218,335	\$ 3,468,967	\$ 426,127	\$ 527,946	\$ 33,279	\$ 2,649,513	\$ 69,842	\$ 18,394,009
Contract Services	1,351,301	919,250	43,633	59,948	190,002	1,077,386	-	3,641,520
Supplies	475,458	129,311	3,689	70,883	868,855	85,107	-	1,633,303
Occupancy	1,330,634	537,134	82,792	14,476	19,990	101,981	724	2,087,731
Kitchen	1,282,938	380,190	-	2,314	867	385	-	1,666,694
Insurance	496,838	206,215	63,914	7,811	13,045	96,660	-	884,483
Client specific assistance	135,963	97,879	644,803	-	10	244	-	878,899
Depreciation	348,244	280,512	153,842	702	-	20,624	-	803,924
Staff training and other	60,215	25,937	993	3,986	-	179,273	-	270,404
Repairs and maintenance	60,616	46,322	10,941	-	-	1,926	-	119,805
Miscellaneous	22,376	25,278	1,500	-	1,320	58,171	-	108,645
Staff travel	19,767	21,854	-	999	325	156,639	-	199,584
Development	4,480	137,057	-	5,649	-	58,161	-	205,347
Vehicles	35,641	13,025	11,223	248	-	13,531	-	73,668
Copying and Printing	43,525	12,483	2,594	3,238	-	11,512	-	73,352
Equipment	7,260	1,445	2,776	-	-	2,736	-	14,217
Special Events	-	-	-	-	-	1,072	-	1,072
Shipping and postage	348	20	186	132	-	4,423	-	5,109
Interest	55,756	42,892	-	-	-	66,277	-	164,925
<b>Total</b>	<b>\$ 16,949,695</b>	<b>\$ 6,345,771</b>	<b>\$ 1,449,013</b>	<b>\$ 698,332</b>	<b>\$ 1,127,693</b>	<b>\$ 4,585,621</b>	<b>\$ 70,566</b>	<b>\$ 31,226,691</b>

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

**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 2,365,884	\$ 4,640,616
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation expense	834,801	803,924
Unrealized loss on investments	121,289	128,427
(Gain) on sales and disposal of assets	(168,726)	(639,541)
Non-cash lease implementation	58,080	144,465
Changes in operating assets and liabilities		
Patient receivables	(495,530)	(402,720)
Grants and program receivables	(73,964)	(1,296,839)
Insurance receivables	-	264,533
Inventory	(100,452)	(64,740)
Prepaid expenses and deposits	91,040	(130,366)
Accounts payable and accrued expenses	1,258,507	235,443
Refundable advances	(1,436)	(120,599)
Net cash provided by operating activities	3,889,493	3,562,603
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases from sale of investments	(1,896)	-
Construction of property and buildings	(3,342,477)	(2,410,414)
Proceeds from sale of property	183,460	1,012,055
Net cash used in investing activities	(3,160,913)	(1,398,359)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from draws on line of credit	-	950,000
Payments on line of credit	-	(1,789,580)
Proceeds from issuance of note payable	-	359,500
Payments on note payable	-	(1,721,954)
Net cash provided by (used in) financing activities	-	(2,202,034)
Net change in cash and cash equivalents	728,580	(37,790)
Cash and cash equivalents, beginning of the year	2,475,301	2,513,091
Cash and cash equivalents, end of year	3,203,881	2,475,301
<b><u>SUPPLEMENTAL DISCLOSURE</u></b>		
Cash paid for interest	\$ -	\$ 160,135

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

## ODYSSEY HOUSE LOUISIANA, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2024

#### **1. Summary of Significant Accounting Policies**

##### Organization

Odyssey House Louisiana, Inc. (the Organization) is a nonprofit corporation organized under the laws of the State of Louisiana. The Organization was established in 1973 as a non-profit residential substance abuse treatment facility with the mission of empowering people to conquer addiction in Louisiana. The Organization offers a professional, structured, and caring therapeutic community with comprehensive services and effective support systems that enable individuals to chart new lives and return to their communities as contributing members. The Organization's primary source of revenue is from state and federal contracts, grant programs, and patient revenues.

##### Principles of consolidation

The consolidated financial statements include the financial information of Odyssey House Louisiana, Inc. Also included in the consolidated financial statements is OHL Bohn Building, LLC, a wholly-owned Louisiana limited liability company (see Note 5), as well as OHL North Tonti, LLC, a 99% owned Louisiana limited liability company (see Note 8). All significant intercompany transactions and balances have been eliminated upon consolidation.

##### Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are described below.

##### Financial Statement Presentation

The Organization is required to report information regarding its financial position and changes in net assets according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets, revenues and other support are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- *Net assets with donor restrictions* - Net assets subject to donor or certain grantor-imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Net assets with donor restrictions totaled \$6,077 and \$6,077 as of June 30, 2024 and 2023, respectively.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

**Financial Statement Presentation**

Contributions are received and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**Receivables and Allowance of Credit Losses**

Patient receivables come from the Organization's ability to extend credit to patients, as well as to third-party intermediaries responsible for services provided to patients. Patient receivables are recorded at net realizable value and consist of amounts due for services rendered to patients. Grant and program receivables consist of amounts owed from various federal, state, and local government agencies for grants and fees for service programs.

Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections (CECL). An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Patient, grants, and program receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased.

At June 30, 2024 and 2023, management's estimate of implicit price concessions (allowance for doubtful accounts) was \$125,022 and \$125,022, respectively. For the years ended June 30, 2024 and 2023, the bad debt expense (implicit price concessions) was \$1,329,299 and \$1,850,407, respectively and is reported as a component of patient revenue.

**Inventory**

Inventory consisted of pharmacy items and food purchased in connection with the long-term care provided to clients and is accounted for at lower of cost or net realizable value on the first-in first-out (FIFO) basis.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

**Property, Buildings, and Equipment**

Property, buildings, and equipment are recorded at cost. Donations of assets are recorded at estimated fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line basis over three to thirty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

The Organization policy is to capitalize all property, buildings, and equipment that are acquired with a cost that exceeds \$5,000. Costs incurred for repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

The Organization review the carrying values of property, buildings, and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the assets. There were no indicators of impairment of property, buildings, and equipment on June 30, 2024 and 2023.

The Organization's construction in progress consists mainly of renovations and new construction at the Organization's facilities. During the year ended June 30, 2024, \$2,363,013 was transferred from Construction in Progress to building and land improvements for the completion of the Tonti Construction Project.

**Leases**

Effective July 1, 2022, the Organization accounts for leases in accordance with ASU 2016-02, Leases (Topic 842), which requires the recognition of right-of-use ("ROU") assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. The Organization determines if an arrangement is a lease at the inception of the contract. For leases with terms greater than twelve months, right-of-use assets and lease liabilities are recognized at the contract commencement date based on the present value of lease payments over the lease term. Right-of-use assets represent the Organization's right to use the underlying asset for the lease term. Lease liabilities present the Organization's obligation to make lease payments arising from these contracts. The Organization uses a risk-free rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised.

Lease agreements may include rental escalation clauses or renewal options that are factored into management's determination of lease payments, when appropriate. The estimated useful life of right-of-use (ROU) assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Organization's lease agreements generally do not contain any material residual value guarantees, restrictions, or covenants.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

Leases (continued)

The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this practical expedient to all relevant asset classes. Additionally, the Organization elected transition provisions available which allowed the carryforward of the Organization's historical assessments of whether contracts contain leases, the lease classification, and the treatment of initial direct costs.

The Organization has elected the short-term lease exemption for all leases with a term of twelve months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Compensated Absences

Full-time employees are allowed to accrue paid time off based on employment level as follows: non-exempt staff up to 100 hours and exempt staff up to 200 hours based on years of service. The liability associated with compensated absences was \$458,856 and \$411,553, respectively, at June 30, 2024 and 2023. Compensated absences are included in accounts payable and accrued expenses in the consolidated statements of financial position.

Revenue and Revenue Recognition

*Contribution, Grants, and Other Program Revenue*

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give 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 substantially met.

Grant revenue is recognized as it is earned in accordance with approved contracts. Grants for fee income are recorded as net assets without donor restrictions in the statements of activities. Grantor-restricted support is reported as an increase in net assets without donor restrictions in the statements of activities if the grantor restrictions expire or are met in the same reporting period in which the revenue is recognized.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

Revenue and Revenue Recognition (continued)

Contribution, Grants, and Other Program Revenue (continued)

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. 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 statements of financial position. As of June 30, 2024, the Organization has been awarded cost –reimbursable grants of approximately \$16,786,094 which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Of this amount, the conditional grant commitments that are not recognized in the June 30, 2024 consolidated financial statements consisted of conditional cost-reimbursement grants awarded by government agencies of approximately \$6,655,339.

Fee for service program revenue represents the estimated net realizable amounts due from third party payors for services rendered. Revenues are recorded during the period the services are provided based upon the estimated amounts due from payors and in accordance with third party contracts. Receivables are recorded at estimated net realizable value, based on stated contract rates with third party payors. Accounts receivable are due in full when billed. Interest is not charged on past due accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed or when the accounts reach approximately 90 days old. Management has determined that there was no allowance for uncollectible accounts related to these fee for service programs at June 30, 2024 and 2023.

Patient Service Revenue

Patient service revenue represents the estimated net realizable amounts due for services rendered based on estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data for each payor. Revenues are recorded during the period the services are provided (patient visits) or at the point of sale (pharmacy) based upon the estimated amounts due from payors and in accordance with third party contracts. During 2024, approximately 83% of the Organization's patient revenues are delivered over time (patient visits), and approximately 17% are recognized at a point in time (pharmacy). During 2023, approximately 92% of the Organization's patient revenues are delivered over time (patient visits), and approximately 8% are recognized at a point in time (pharmacy). Receivables are recorded at estimated net realizable value, based on stated contract rates with third party payors. Accounts receivable are due in full when billed. Interest is not charged on past due accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed or when the accounts reach approximately 90 days old. During 2024, approximately 96% of the Organization's patient revenue is related to Medicaid, and approximately 4% relates to commercial and other payors. During 2023, approximately 97.1% of the Organization's patient revenue is related to Medicaid, and approximately 2.9% relates to commercial and other payors. The Organization has no contract assets at June 30, 2024 and 2023.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

Revenue and Revenue Recognition (continued)

Patient Service Revenue (continued)

The Organization reports revenues from patient services at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care or prescriptions provided to the patient. These amounts are primarily due from patients and governmental programs. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on daily per diem rates or other agreed-upon rates allowed by third party payor contracts. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from admission into the Organization, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services which is generally less than one day. The Organization does not have performance obligations that are unsatisfied or partially unsatisfied at June 30, 2024 and 2023.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that payment is received for that service will be one year or less.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (if any). The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days of the end of the reporting period.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. The estimated reimbursement amounts are made on a payor-specific basis and are recorded based on the best information available regarding management's interpretation of the applicable laws, regulations and contract terms. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in commercial contractual terms resulting from contract renegotiations and renewals. Due to the complexities involved in the classification and documentation of patient care services authorized and provided, the estimation of revenues earned and the related reimbursement are often subject to interpretations that could result in payments that are different from the Organization's estimates.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

Contributions of Nonfinancial Assets (In-Kind Contributions)

The Organization recognized revenue related to in-kind rent. These items are recorded as contributions based on their fair value as of the date of the contribution. Fair value was estimated based on the price the donor sells these supplies to other organizations. These contributed in-kind rent were utilized in the Organization's programs. For the fiscal year June 30, 2024 and 2023, the Organization recorded in-kind contributions of non-financial assets reported in the statements of activities in the amount of \$304,704 and \$-, respectively. In-kind donations consist of free rent use of one of the Organization's buildings, provided by the State of Louisiana.

Functional Allocation of Expenses

The expenses of providing the programs and other activities have been summarized on a functional basis between program services and supporting activities in the statements of activities and functional expenses by nature and class. Accordingly, certain costs have been allocated among program services and supporting activities benefitted. Such allocations are determined by management on an equitable basis.

Income Taxes

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana. The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5).

The Organization applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits or liabilities that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Organization has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with more than a 50% likelihood of being sustained upon examination by the taxing authorities.

Recent Accounting Pronouncements Adopted

The FASB originally issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326) as amended by ASU 2018-19, ASU 2019-04, and ASU 2019-05, in June 2016. This ASU, commonly referred to as the current expected credit loss methodology ("CECL"), replaces the incurred loss methodology for recognizing credit losses under current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the new guidance, an entity will measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The expected loss model will apply to loans and leases, unfunded lending commitments, held-to-maturity debt securities and other debt instruments measured at amortized cost. The Organization adopted this standard for the year ending June 30, 2024.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**1. Summary of Significant Accounting Policies (continued)**

Use of Estimates

The preparation of consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and those differences may be material.

Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

**2. Availability and Liquidity**

The Organization's financial assets available for general expenditures within one year as of June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Financial Assets as of:		
Cash and cash equivalents	\$ 3,203,881	\$ 2,475,301
Patient receivables	1,812,430	1,316,900
Grants and program receivables	2,637,307	2,563,343
Beneficial interest in assets held by community foundation	18,983	17,087
Investment in 2700 Bohn Motor, LLC	<u>68,416</u>	<u>189,705</u>
Total financial assets	<u>7,741,017</u>	<u>6,562,336</u>
Less amounts not available to be used in one year:		
Net assets with donor restrictions	6,077	6,077
Investment in 2700 Bohn Motor, LLC	<u>68,416</u>	<u>189,705</u>
	<u>74,493</u>	<u>195,782</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,666,524</u>	<u>\$ 6,366,554</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. The Organization has a line of credit available to meet cash needs (See Note 7).

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**3. Patient Receivables**

The Organization's patient receivables at June 30, 2024 and 2023 relate to third party reimbursements expected to be received from the various payors as follows:

	<u>2024</u>	<u>2023</u>
Medicaid	\$ 1,758,825	\$ 1,176,296
Commercial	16,084	127,620
Medicare	7,733	5,207
Self-pay	29,788	7,777
Total	<u>\$ 1,812,430</u>	<u>\$ 1,316,900</u>

**4. Receivables from Government Grants and Programs**

	<u>2024</u>	<u>2023</u>
City of New Orleans	\$ 1,713,676	\$ 388,263
Health Resources & Services Administration	285,295	380,409
Substances Abuse & Mental Health Services Administration	190,797	124,603
Louisiana Clinical Services	158,622	1,325,139
Temporary Assistance for Needy Families	97,432	-
Unity of Greater New Orleans	67,620	64,868
Drug Court Morgan City	61,622	-
State of Louisiana	28,559	124,216
Other	33,684	155,845
Total	<u>\$ 2,637,307</u>	<u>\$ 2,563,343</u>

**5. Investments**

As of June 30, 2024 and 2023, investments consist of equity investment in a Louisiana limited liability company accounted for under the equity method. In August 2017, the Organization is a member of OHL Bohn Building LLC ("OHL Bohn"), a Louisiana limited liability company. The Organization is the sole member of OHL Bohn. Also, in August 2017, OHL Bohn became a partner in 2700 Bohn Motor, LLC ("Bohn Motor"), a Louisiana limited liability company. OHL Bohn has a 0.50% interest in Bohn Motor. Bohn Motor's purpose is to acquire real property located at 2700 S Broad Street in New Orleans, Louisiana and to obtain financing for its redevelopment. OHL Bohn's capital balance in Bohn Motor as of June 30, 2024 and 2023 is \$68,416 and \$189,705, respectively, which is reported as investments on the statements of financial position. There were no indicators of impairment on this investment during the years ended June 30, 2024 or 2023.

**6. Beneficial Interest in Assets Held by Community Foundation**

On September 20, 2001, the Organization established an endowment fund that is perpetual in nature under Greater New Orleans Foundation (GNOF, a community foundation) and named the Organization as beneficiary.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**6. Beneficial Interest in Assets Held by Community Foundation (continued)**

The funds are held and invested by GNOF for the Organization's benefit and the beneficial interest in the pooled assets of GNOF is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

As of June 30, 2024 and 2023, the fund has a cost of \$6,077 and \$6,077, respectively, and a fair value of \$18,983 and \$17,087, respectively. The mutual fund was created with an initial investment of \$6,077 into an endowment fund administered by the Greater New Orleans Foundation (GNOF). Annually, GNOF distributes a portion of the earnings to the Organization while maintaining the integrity of the corpus. At June 30, 2024, \$6,077 and \$12,816 of the mutual fund's balance is reported as with donor restrictions and without donor restrictions, respectively. At June 30, 2023, \$6,077 and \$11,010 of the mutual fund's balance is reported as with donor restrictions and without donor restrictions, respectively.

**7. Line of Credit**

At June 30, 2024, the Organization had a \$3,000,000 line of credit with a local financial institution. On July 29, 2023, the line of credit was renewed and carried an interest rate of 5.25% at June 30, 2024 with a maturity date on July 29, 2024. The line of credit was collateralized by all Organization accounts including grant receivables as well as equipment and contained various covenants. As of June 30, 2024 and 2023, the outstanding balance on the line of credit amounts to \$0 and \$0, respectively. The line of credit was renewed subsequent to year end, on July 29, 2024, with a maturity date of July 29, 2025.

**8. Note Payable**

On June 30, 2024 and 2023, the Organization has the following notes payable:

	<u>2024</u>	<u>2023</u>
Promissory note with Gulf Coast Housing Partnership, Inc.; interest at 0% per annum; stated maturity of the earlier of December 2, 2049 or upon the sale or refinancing of specific properties (see Note 12).	<u>\$ 760,416</u>	<u>\$ 760,416</u>

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**8. Note Payable (continued)**

Future maturities of notes payable are as follows on June 30, 2024:

<u>Year</u>	<u>Amount</u>
2025	\$ 100
2026	100
2027	100
2028	100
2029	100
Thereafter	<u>759,916</u>
Total	<u>\$ 760,416</u>

**9. Net Assets**

Net assets with donor restrictions in the amount of \$6,077 (in perpetuity) are for the benefit of the Organization's substance abuse programs as of June 30, 2024 and 2023.

**10. Retirement Plan**

The Organization has a 401(k) profit sharing plan that provides for discretionary matching contributions determined by the employer covering all full-time employees at least twenty-one years of age with one year of eligible experience. For the years ended June 30, 2024 and 2023, contributions to the plan were \$368,181 and \$287,803, respectively.

**11. Related Party Transaction**

In December of 2017 the Organization became a partner in OHL North Tonti, LLC, a Louisiana limited liability company (taxed as a partnership). OHL North Tonti, LLC has two members, the Organization at 99% and Edward Carlson, the Organization's CEO (a related party), at 1%. On December 28, 2017, the Organization signed a ground lease agreement with OHL North Tonti, LLC for property located at 1125 N Tonti, Street and 2426, 2432 and 2434 Governor Nichols St. The ground lease is for 99 years ending on December 27, 2116, with the monthly lease amount stated to be \$100.

**12. Commitments**

The loan with Gulf Coast Housing Partnership (GCHP) was executed on December 1, 2019 in the amount of \$760,416 with a zero percent interest rate with a stated maturity of the earlier of December 2, 2049 or upon sale or refinancing of the property. This loan is also secured by all of the Organization's property. The Organization paid a \$10,000 origination fee to secure the funds and is required to pay an additional \$10,000 per year for four more years (maximum \$50,000). As long as the Organization continues to operate as it is now, no payments are required to be made on this loan, and at the end of each 49 year period, the maturity will extend an additional 49 years in perpetuity.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**12. Commitments (continued)**

During the fiscal years ended June 30, 2024 and 2023 the Organization held a contract with Imperial Calcasieu Human Services Authority (ImCal) to operate a licensed Substance Abuse Rehabilitation Treatment Center in Lake Charles, Louisiana. The license is provided by the Louisiana Department of Health and Human Services (DHH). The contract with ImCal was renewed on July 1, 2023 and expires in June 2025. The DHH license includes capacity at the facility of 46 beds. The agreement provides that ImCal is responsible for major repairs and the Organization is responsible for minor repairs, supplies and general upkeep.

**13. Leases**

The Organization has operating lease agreements for the rental of office space and equipment at varying terms. Information related to the lease is as follows as of and for the year ended June 30, 2024:

Operating cash flows from operating lease	\$	775,087
Weighted average remaining on lease term		3.07
Weighted average discount rate		2.87%

As lessee, operating lease liability under non-cancellable leases (excluding short-term) leases are as follows:

Years ending June 30:		
2025	\$	956,672
2026		915,561
2027		912,444
2028		262,661
2029		-
Total lease payments	\$	3,047,338
Less: interest		(141,881)
	\$	<u>2,905,457</u>

**14. Concentration Risk and Contingencies**

The Organization maintains cash balances at two financial institutions. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time the amounts on deposit may exceed the federally insured limits. As of June 30, 2024 and 2023, the Organization has \$3,391,317 and \$2,812,021, respectively, in excess of the FDIC insurance coverage of \$250,000. Management believes the credit risk associated with these deposits is minimal.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**14. Concentration Risk and Contingencies (continued)**

The Organization receives a substantial portion of its revenue from funds provided through state and federal contracts and grant programs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or the state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

The Organization is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position.

The Organization is reimbursed on a per diem basis on rates set by the Medicaid program of the State of Louisiana. If there was an overpayment due to an error in setting the rate, the State could pursue recoupment. Since the number of beds eligible for state funding exceeded those submitted for reimbursement, management does not believe a change in rate would result in any retroactive adjustment.

**15. Employee Retention Tax Credit**

On March 27, 2021, the CARES Act was signed into law by the United States Federal Government. The Company determined it was eligible for refundable employee retention credits ("ERCs") available under the CARES Act. The Company determined it was eligible for and claimed approximately \$4.5 million in ERCs, which is reported in revenues and other support in the consolidated statement of activities for the year ended June 30, 2023.

**16. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 23, 2024, and determined that no additional events occurred that require disclosure. No events after this date have been evaluated for inclusion in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**ODYSSEY HOUSE LOUISIANA, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER**  
**PAYMENTS TO CHIEF EXECUTIVE OFFICER**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Agency Head Name:** Ed Carlson, Chief Executive Officer

<u>Purpose:</u>	<u>Amount</u>
Salary	\$ 386,691
Benefits-health/dental/vision insurance	19,371
Benefits-retirement	25,456
Benefits-group life disability insurance	13,235
Payroll taxes	<u>16,311</u>
Total	<u>\$ 461,064</u>

See accompany's independent auditor's report



**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* (REISSUED)**

To the Board of Directors  
Odyssey House Louisiana, 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 (*Government Auditing Standards*), the consolidated financial statements of Odyssey House Louisiana, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statement of activities, functional expenses, and cash flow for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 23, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated 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.

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.

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 organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

## **Other Matter – Reissuance of Report**

Our report dated December 23, 2024, has been reissued on February 20, 2026, to include an additional major program that was inadvertently omitted from the Schedule of Expenditures of Federal Awards in the originally issued report. This reissuance reflects the addition of the 21.027 Coronavirus State and Local Fiscal Recovery Funds (a COVID-19 program) and the related audit procedures performed. Except for the addition of this program and related revisions, no other changes have been made to the report.

*Richard CPAS*

Metairie, Louisiana

December 23, 2024, except the schedule of expenditures of federal awards which is as of February 20, 2026.



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS (REISSUED)**

To the Board of Directors  
Odyssey House Louisiana, Inc.  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Odyssey House Louisiana, Inc.’s (the Organization’s) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2024. The Organization’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (“*Government Auditing Standards*”); 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 Auditor’s 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.

## **Auditor's 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 GAAS, *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 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 GAAS, *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.

## **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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2024, and have issued our report thereon dated December 23, 2024, which contained an unmodified opinion on those consolidated financial statements. 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 restated, is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### **Other Matter — Reissuance of Reports**

The report on compliance for each major federal program, the report on internal control over compliance, and the report on the schedule of expenditures of federal awards replace our previously issued reports dated December 23, 2024. As discussed in Note 5 to the schedule of expenditures of federal awards, expenditures for the 21.027 Coronavirus State and Local Fiscal Recovery Funds were omitted from the schedule of expenditures of federal awards for the year ended June 30, 2024. The schedule of expenditures of federal awards has been restated to include the expenditures of the program. Our report on compliance for each major federal program, our report on internal control over compliance, and the accompanying schedule of findings and questioned costs have been reissued to include the 21.027 Coronavirus State and Local Fiscal Recovery Funds program as a major federal program and finding 2024-001.

*Richard CPAS*

Metairie, Louisiana

December 23, 2024, except as to our opinion on 21.027 Coronavirus State and Local Fiscal Recovery Funds (a COVID-19 program), finding 2024-001, and our report on the schedule of expenditures of federal awards, which are as of February 20, 2026.

**ODYSSEY HOUSE LOUISIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (RESTATED)**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Pass through Unity of Greater New Orleans, Inc. Continuum of Care Program	14.267	LA0073L6H032114	\$ 832,977
<b>Total U.S. Department of Housing and Urban Development</b>			<u>832,977</u>
<b><u>U.S. Department of Justice</u></b>			
Pass through the City of New Orleans Department of Justice (DOJ) Office of Justice Programs	16.838	K23-755	261,916
<b>Total U.S. Department of Justice</b>			<u>261,916</u>
<b><u>U.S. Department of Treasury</u></b>			
Pass through the City of New Orleans COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	K24-446 & K22-1113	1,752,648
<b>Total U.S. Department of Treasury</b>			<u>1,752,648</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Award			
Health Center Program Cluster			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	5 H80CS28362	1,021,314
Grants for New and Expanded Services Under the Health Center Program			
HRSA Affordable Care Act Ending HIV	93.527	H8HCS45033	363,724
HRSA Expanding Covid-19 Vaccination	93.527	4 H8GCS47806	27,495
HRSA - Bridge Access	93.527	1 H8LCS50679	3,503
<i>Total Grants for New and Expanded Services Under the Health Center Program</i>			<u>394,722</u>
<b>Total Health Center Program Cluster</b>			1,416,036
Direct Award			
Grants for Capital Development in Health Centers	93.526	6 C8ECS44174	288,812
Direct Award			
Substance Abuse and Mental Health Services Administration			
SAMHSA - MAI OHMEGA	93.243	19T182458A	461,810
SAMHSA - MAI Service Integration	93.243	6H79SM086217	337,408
SAMHSA - Drug Center	93.243	1 H79T1086243	189,544
SAMHSA - OD Treatment Access	93.243	6H79TI086426	125,434
<i>Total Substance Abuse and Mental Health Services Administration (SAMHSA)</i>			<u>1,114,196</u>
Pass-through the State of Louisiana Temporary Assistance to Needy Families - Fairview (TANF)	93.529	CFMS# 715290	255,078
<b>Total U.S. Department of Health and Human Services</b>			<u>3,074,122</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 5,921,663</u>

See independent auditor's report and notes to the schedule of expenditures of federal awards.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (RESTATED)**

**JUNE 30, 2024**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Odyssey House Louisiana, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization. The Organization’s reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2024.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization’s consolidated financial statements for the year ended June 30, 2024. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationships to Financial Statements**

Federal awards are included in Program Revenue – Cost Reimbursement in the consolidated statement of activities for the year ended June 30, 2024 are as follows.

	<u>2024</u>
Program Revenue - Cost reimbursement (Federal)	\$ 5,921,663
Program Revenue - Cost reimbursement (Non-federal)	4,209,092
	<u>\$ 10,130,755</u>

**4. De Minimis Cost Rate**

During the year ended June 30, 2024, the Organization did elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance. During the year ended June 30, 2024, the following amounts represent federal program expenditures related to indirect costs:

<u>Federal Program</u>	<u>10% de minimis cost</u>
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	\$137,194

**5. Correction of the Schedule of Federal Awards, Compliance Report, and Findings and Questioned Costs**

The schedule of federal awards has been restated to include 21.027 Coronavirus State and Local Fiscal Recovery Funds (a COVID-19 program) in the amount of \$1,752,648 which was inadvertently excluded from the Schedule of Expenditure of Federal Awards (SEFA) as originally filed.

**ODYSSEY HOUSE LOUISIANA, INC.**

**SCHEDULE FINDINGS AND QUESTIONED COSTS (REISSUED)**

**JUNE 30, 2024**

**1. Summary of Independent Auditor's Results**

Financial Statements

- (a) The type of report issued on the basic financial statements: **Unmodified**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **Yes**
- Significant deficiency(ies) identified: **None reported**
- (c) Noncompliance which is material to the basic financial statements: **None reported**

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified: **Yes**
- Significant deficiency(ies) identified: **None reported**
- (e) Type of auditor's report issued on compliance for major programs: **Unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a): **No**
- (g) Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services Administration (SAMHSA)
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$750,000**
- (i) Auditee qualified as a low-risk auditee: **No**

**ODYSSEY HOUSE LOUISIANA, INC.**

**SCHEDULE FINDINGS AND QUESTIONED COSTS (REISSUED)**

**JUNE 30, 2024**

**2. Findings relating to the Consolidated Financial Statements Reported in accordance with Government Auditing Standards**

**#2024-001 Procedures over Preparation of the Schedule of Expenditures of Federal Awards**

**Criteria:** The Organization's internal accounting control over Federal Awards should ensure the accuracy and completeness of schedule of expenditures of federal awards (SEFA) and periods for the identification of major programs in accordance with Title I U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Condition:** The Organization's procedures did not identify 21.027 Coronavirus State and Local Fiscal Recovery Funds (a COVID-19 program) received and did not include the program on the originally reported SEFA.

**Cause:** Documents awarding the funds for the Coronavirus State and Local Fiscal Recovery Funds failed to appropriately identify the funds as Federal Awards. Subsequent discovery by personnel of the Organization that the awards were Federal awards was not communicated to the appropriate personnel.

**Effect:** Federal Awards in the amount of \$1,752,648 for the COVID-19 Coronavirus State and Local Fiscal Recovery Funds received were not reported on the originally reported Schedule of Expenditures of Federal Awards and not identified as a major program.

**Recommendation:** The Organization should strengthen its controls over the reconciliation of federal program expenditures and associated calculations to ensure the information and balances that are accumulated and reported on the SEFA are complete and accurate and major programs can be appropriately identified.

**Management's Response:** The Organization concurs with the finding and will implement additional procedures to identify all federal awards and to ensure the accuracy and completeness of the schedule of federal awards.

**ODYSSEY HOUSE LOUISIANA, INC.**

**SCHEDULE FINDINGS AND QUESTIONED COSTS (REISSUED)**

**JUNE 30, 2024**

**3. Findings and Questioned Costs related to Federal Awards**

#2024-001 Procedures over Preparation of the Schedule of Expenditures of Federal Awards

Criteria: The Organization's internal accounting control over Federal Awards should ensure the accuracy and completeness of schedule of expenditures of federal awards (SEFA) and periods for the identification of major programs in accordance with Title I U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Condition: The Organization's procedures did not identify 21.027 Coronavirus State and Local Fiscal Recovery Funds (a COVID-19 program) received and did not include the program on the originally reported SEFA.

Cause: Documents awarding the funds for the Coronavirus State and Local Fiscal Recovery Funds failed to appropriately identify the funds as Federal Awards. Subsequent discovery by personnel of the Organization that the awards were Federal awards was not communicated to the appropriate personnel.

Effect: Federal Awards in the amount of \$1,752,648 for the COVID-19 Coronavirus State and Local Fiscal Recovery Funds received were not reported on the originally reported Schedule of Expenditures of Federal Awards and not identified as a major program.

Recommendation: The Organization should strengthen its controls over the reconciliation of federal program expenditures and associated calculations to ensure the information and balances that are accumulated and reported on the SEFA are complete and accurate and major programs can be appropriately identified.

Management's Response: The Organization concurs with the finding and will implement additional procedures to identify all federal awards and to ensure the accuracy and completeness of the schedule of federal awards.

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**ODYSSEY HOUSE LOUISIANA, INC.**  
**LOUISIANA LEGISLATIVE AUDITOR**  
**AGREED-UPON PROCEDURES REPORT**

**JUNE 30, 2024**

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RICHARD  CPAS

**ODYSSEY HOUSE LOUISIANA, INC.**

**LOUISIANA LEGISLATIVE AUDITOR**  
**AGREED-UPON PROCEDURES REPORT**

**JUNE 30, 2024**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Odyssey House Louisiana, 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) Agreed-Upon Procedures (AUPs) for the fiscal period July 1, 2023, through June 30, 2024. The Odyssey House Louisiana, Inc.'s management is responsible for those C/C areas identified in the AUPs.

The Odyssey House Louisiana, Inc. (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 fiscal period July 1, 2023, through June 30, 2024. 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 we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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 AUPs. 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 AUPs, 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.

*Richard CPAS*

Metairie, Louisiana  
December 23, 2024

**ODYSSEY HOUSE LOUISIANA, INC.**

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**PROCEDURES (SCHEDULE A)**

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*No exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

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 found as a result of this procedure.*

***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 found as a result of this procedure.*

***iii. Disbursements***, including processing, reviewing, and approving.

*No exceptions were found as a result of this procedure.*

***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 found as a result of this procedure.*

***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(s) rate of pay or approval and maintenance of pay rate schedules.

*No exceptions were found as a result of this procedure.*

**ODYSSEY HOUSE LOUISIANA, INC.**

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**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 found as a result of this procedure.*

**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 found as a result of this procedure.*

**viii. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*No exceptions were found as a result of this procedure.*

**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.

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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

*The Organization is a non-profit entity, and public funds are not used for debt service. This procedure is non-applicable.*

**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 found as a result of this procedure.*

**ODYSSEY HOUSE LOUISIANA, INC.**

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2024**

*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.

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

**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 found as a result of this procedure.*

*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. *Alternately, for those entities reporting on the nonprofit 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 found as a result of this procedure.*

*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.

*The Organization is a non-profit entity. This procedure is non-applicable.*

*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 found as a result of this procedure.*

**ODYSSEY HOUSE LOUISIANA, INC.**

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**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 found as a result of this procedure.*

*ii.* Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date of reconciliation was prepared (e.g., initialed and dated, electronically logged);

*No exceptions were found as a result of this procedure.*

*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 found as a result of this procedure.*

**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).

*No exceptions were found as a result of this procedure.*

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

*i.* Employees responsible for cash collections do not share cash drawers/registers.

*No exceptions were found as a result of this procedure.*

**ODYSSEY HOUSE LOUISIANA, INC.**

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2024**

- 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 found as a result of this procedure.*

- iii.* Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions were found as a result of this procedure.*

- 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, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

*No exceptions were found as a result of this procedure.*

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

- i.* Observe that receipts are sequentially pre-numbered.

*No exceptions were found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

- iii.* Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were found as a result of this procedure.*

**ODYSSEY HOUSE LOUISIANA, INC.**

**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2024**

- iv.* Observe 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).

*Exceptions noted. RICHARD CPAs observed 8 of the 10 deposits selected for testing were not made within one business day of receipt at the collection location.*

- v.* Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were found as a result of this procedure.*

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

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- 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).

*No exceptions were found as a result of this procedure.*

- B. For each location selected under #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, 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/making the purchase.

*No exceptions were found as a result of this procedure.*

- ii.* At least two employees are involved in processing and approving payments to vendors.

*No exceptions were found as a result of this procedure.*

- 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 found as a result of this procedure.*

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- 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.

***Exception noted. The employee/official responsible for signing checks does not mail the payment. The checks are given to an employee in accounts payable (individual(s) involved in processing payment(s) for mailing.***

- 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 found as a result of this procedure.***

- C.* For each location selected under #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 matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

***No exceptions were found as a result of this procedure.***

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

***Exception noted. The employee/official responsible for signing checks does not mail the payment. The checks are given to an employee in accounts payable (individual(s) involved in processing payment(s) for mailing.***

- 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.*

***No exceptions were found as a result of this procedure.***

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**FOR THE YEAR ENDED JUNE 30, 2024**

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

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

*No exceptions were found as a result of this procedure.*

- 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*No exceptions were found as a result of this procedure.*

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

*Exception noted. We observed 1 out of 2 credit card statements and noted late fees/interest charged.*

- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions were found as a result of this procedure.*

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

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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, 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 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](http://www.gsa.gov)).

*No exceptions were found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

*iii.* Observe 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 found as a result of this procedure.*

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

*No exceptions were found as a result of this procedure.*

**8) *Contracts***

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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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*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.

*Contracts selected for testing were not required to be bid in accordance with the Louisiana Public Bid Law. This procedure is non-applicable.*

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- 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 found as a result of this procedure.*

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

*No exceptions were found as result of this procedure.*

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found as a result of this procedure.*

**9) Payroll and Personnel**

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- 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.

*No exceptions were found as a result of this procedure.*

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i.* Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions were found as a result of this procedure.*

- ii.* Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions were found as a result of this procedure.*

- iii.* Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions were found as a result of this procedure.*

- iv.* Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

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*No exceptions were found as a result of this procedure.*

- 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*No exceptions were found as a result of this procedure.*

- 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 found as a result of this procedure.*

10) *Ethics*

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- 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 each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

*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.

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS

FOR THE YEAR ENDED JUNE 30, 2024

11) *Debt Service*

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- 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 State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

*The Organization has no debt activity in fiscal year 2024.*

- 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).

*The Organization has no debt activity in fiscal year 2024.*

12) *Fraud Notice*

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- 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.

*No exceptions were found as a result of this procedure.*

- B. Observe 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 found as a result of this procedure.*

13) *Information Technology Disaster Recovery/Business Continuity*

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- 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 no written documentation, inquire of personnel responsible for backing up critical data) and observe 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.

*We performed the procedure and discussed the results with management.*

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

***We performed the procedure and discussed the results with management.***

- 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.

***We performed the procedure and discussed the results with management.***

- 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.

***We performed the procedure and discussed the results with management.***

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

***We performed the procedure and discussed the results with management.***

**14) *Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe 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.

***The Organization is a non-for-profit entity. This procedure is non-applicable.***

- B. Observe 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).

***The Organization is a non-for-profit entity. This procedure is non-applicable.***

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*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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 it 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;

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

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

*The Organization is a non-for-profit entity. This procedure is non-applicable.*

***4) Collections (excluding electronic funds transfers)***

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We acknowledge that 8 of 10 deposits were not made within one business day. Therefore, we will address this by ensuring that the staff responsible is aware that deposits should be made within one business day. We will also arrange for alternate staff to make deposits when assigned staff is not available. This will be completed by March 1, 2025.

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

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We acknowledge that the employee responsible for signing checks does not mail payments. Management has discussed moving this process from Accounts Payable and has decided that we would prefer to allow this function to remain in Accounts Payable noting that we have mitigating controls in place to address possible fraud concerns. However, upper management will continue to discuss and review processes to ensure that we are following the most appropriate procedure available to us to mitigate fraud risk.

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

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We acknowledge that finance charges and late fees were assessed on selected statements. We will address this exception beginning March 1, 2025 by setting up automatic payments on our credit card to ensure that payments are made timely thus avoiding finance charges and late fees.