

ANNUAL FINANCIAL REPORT

OZANAM INN

SEPTEMBER 30, 2022

OZANAM INN  
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SEPTEMBER 30, 2022

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Ozanam Inn  
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February 2, 2023

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

#### ***Opinion***

We have audited the accompanying financial statements of Ozanam Inn (the Inn) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ozanam Inn as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ozanam Inn 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ozanam Inn's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ozanam Inn'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 Ozanam Inn's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Ozanam Inn's basic financial statements. The accompanying schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis, as required by Louisiana Revised Statute (R.S.) 24:513 (A)(3), and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic 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 February 2, 2023 on our consideration of the Inn'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 Inn'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 Inn's internal control over financial reporting and compliance.

  
New Orleans, Louisiana

OZANAM INN  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2022

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 493,737
Grants receivables	<u>211,447</u>
Total current assets	<u>705,184</u>

INVESTMENTS (FAIR VALUE):

Mutual fund	<u>1,240,372</u>
Total Investments	<u>1,240,372</u>

PROPERTY AND EQUIPMENT:

Property and equipment	5,868,196
Less: accumulated depreciation	<u>(423,242)</u>
Total property and equipment	<u>5,444,954</u>

TOTAL ASSETS	<u><u>\$ 7,390,510</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Current portion of long-term debt	<u>\$ 1,473,177</u>
Total current liabilities	<u>1,473,177</u>

LONG-TERM DEBT:

Notes payable	<u>3,000,000</u>
Total long-term debt	<u>3,000,000</u>

NET ASSETS:

Without donor restrictions	<u>2,917,333</u>
Total net assets without donor restrictions	<u>2,917,333</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,390,510</u></u>
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The accompanying notes are an integral part of these financial statements.

OZANAM INN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

CHANGES IN NET ASSETS

WITHOUT DONOR RESTRICTIONS:

SUPPORT AND REVENUE:

Donations	\$ 573,784
Grants and legacies	1,618,215
Fundraising - special events	1,085,020
In-kind contributions	69,650
Loss on disposal of assets	(208,802)
Net investment loss	(196,104)
Total support and revenue	<u>2,941,763</u>

EXPENSES:

Program services:

Housing and feeding the poor	<u>2,723,829</u>
Total program services	<u>2,723,829</u>

Supporting services:

Administrative	218,273
Fundraising	62,648
Total supporting services	<u>280,921</u>
Total expenses	<u>3,004,750</u>

DECREASE IN NET ASSETS WITHOUT  
DONOR RESTRICTIONS

(62,987)

NET ASSETS WITHOUT DONOR  
RESTRICTIONS - Beginning of year

2,980,320

NET ASSETS WITHOUT DONOR  
RESTRICTIONS - END OF YEAR

\$ 2,917,333

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

OZANAM INN  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Program Services</u>	<u>Supporting Services</u>		Total Expenses
	Housing and Feeding the Poor	Administration	Fundraising	
Bank charges	\$ -	\$ 770	\$ -	\$ 770
Food and supplies	62,280	6,920	-	69,200
Fundraising	-	-	61,856	61,856
Insurance	46,013	15,338	-	61,351
Interest	66,695	7,411	-	74,106
Miscellaneous	4,194	740	-	4,934
Maintenance contracts	11,706	2,066	-	13,772
Office and computer supplies	30,230	45,344	-	75,574
Payroll taxes	64,085	7,120	-	71,205
Postage	792	395	792	1,979
Professional services	10,655	10,655	-	21,310
Property taxes	48,017	5,335	-	53,352
Rent	22,893	2,544	-	25,437
Repairs and maintenance	51,961	5,773	-	57,734
Salaries and employee benefits	640,486	71,165	-	711,651
Staff and board education	1,480	1,480	-	2,960
Social services	1,329,473	-	-	1,329,473
Supplies - housekeeping	19,032	-	-	19,032
Telephone	5,306	936	-	6,242
Transportation	12,457	1,384	-	13,841
Utilities	93,881	10,431	-	104,312
	<u>2,521,636</u>	<u>195,807</u>	<u>62,648</u>	<u>2,780,091</u>
Total expenses before depreciation				
Depreciation	<u>202,193</u>	<u>22,466</u>	<u>-</u>	<u>224,659</u>
TOTAL EXPENSES	<u>\$ 2,723,829</u>	<u>\$ 218,273</u>	<u>\$ 62,648</u>	<u>\$ 3,004,750</u>

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



OZANAM INN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in net assets	\$ (62,987)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	224,659
Interest reinvested in mutual fund	(29,482)
Net depreciation on investments	208,371
Investment expenses	17,215
Loss on disposal of assets	208,802
Changes in operating assets and liabilities:	
Decrease in grant receivables	148,294
Net cash provided by operating activities	<u>714,872</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(691,030)
Purchase of investments	(250,000)
Proceeds from sale of investments	200,000
Net cash used by investing activities	<u>(741,030)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes payable	254,315
Payments on notes payable	(18,907)
Net cash provided by financing activities	<u>235,408</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	209,250
Beginning cash and cash equivalents	<u>284,487</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 493,737</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Noncash investing activities:	
Purchase of investments through reinvestment of interest earned	<u>\$ (29,482)</u>
Decrease in investments through depreciation	<u>\$ (208,371)</u>
Cash paid for interest	<u>\$ 74,106</u>

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

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

ORGANIZATION:

Ozanam Inn (the Inn) is a nonprofit organization that was incorporated on March 1, 1955, which derives its income from public donations, grants, and investment income. All funds received, net of amounts required for operating expenses, are used for the charitable purpose to aid, assist, and provide refuge for homeless, transient, and indigent men and women.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting and Financial Statement Presentation:

The Inn prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Inn follows the provisions of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. FASB ASC 958 established the standards for external financial reporting for not-for-profit organizations, which includes a statement of financial position, a statement of activities, a statement of functional expenses and a statement of cash flows. It requires the classification of resources into two classes of net assets based on the absence or existence of donor-imposed restrictions. These two classifications are defined as follows:

*Net Assets without donor restrictions* – Net assets which are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Inn. These net assets may be used at the discretion of the Inn’s management and the Board of Directors.

*Net Assets with donor restrictions* – Net assets which are subject to donor-imposed restrictions that may or will be met by action of the Inn and/or the passage of time. This category also includes net assets which are subject to donor-imposed restrictions that are required to be maintained permanently by the Inn. Generally, the donors of these assets permit the Inn to use all or part of the income earned on any related investments for general or specific purposes.

The Inn chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Cost Allocation:

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on the basis of estimates of time and effort.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

The Inn receives grants from governmental entities as well as contributions from individuals. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

The Inn accounts for contributions received as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence and nature of any donor-imposed restrictions. When a donor restriction expires, when a stipulated time restriction ends or a purpose restriction is met, the Inn reclassifies the net assets with donor restrictions to net assets without donor restrictions and reports these net assets as released from restrictions in the Statement of Activities.

Government grants are recorded as revenues in the period the Inn meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the grants. To the extent amounts received exceed amounts spent, the Inn records the excess as advances from government.

The Inn receives conditional grant funds from the United States Department of Housing and Urban Development passed through the City of New Orleans and Unity of Greater New Orleans. The conditional grants are reported as revenue when qualifying expenses are incurred. Any conditional grant funds received in which the performance has not been met is reported as refundable advances in the statement of financial position. There were no refundable advances for conditional grants for the year ended September 30, 2022, as all of the federal pass-through grants are cost-reimbursable grants.

Method Used to Value Investments:

Mutual fund investments are valued at fair market value based on the Inn's ownership percentage of the mutual fund's fair value.

Income Tax Status:

The Inn qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. There was no unrelated business income during the year. The Inn's tax filing, Form 990, is subject to examination by the IRS, generally for three years after it is filed.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Statement of Cash Flows:

For purposes of the cash flow statement, the Inn has defined cash equivalents as investments purchased with an original maturity of three months or less.

The Inn paid \$74,106 in loan interest and \$-0- in income taxes for the year ended September 30, 2022.

Grants Receivable:

Grants receivable consists of amounts due from various granting agencies for grants and cost reimbursement programs. These amounts are presented at fair value and management estimates that all are collectible.

Property and Equipment:

Purchased property and equipment is recorded at cost. Property and equipment acquired by donation is recorded at fair market value as of the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restriction. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without donor restriction. The Inn capitalizes property and equipment purchases and donations over \$5,000 and expenses those under \$5,000. Depreciation is computed over the asset's estimated useful life using the straight-line method.

Estimated useful lives of property and equipment are as follows:

Vehicles	5 - 7 years
Furniture and fixtures	5 - 20 years
Equipment	5 - 7 years
Buildings and improvements	5 - 39 years

New Accounting Pronouncement:

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This ASU is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Inn adopted and implemented this pronouncement on October 1, 2021 using the prospective method of application.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

2. INVESTMENTS:

The Inn invests in a Catholic Foundation quasi-endowment mutual fund. Interest earned on the fund is reinvested. The Inn can make withdrawals as needed from the mutual fund to cover operating costs. For the year ended September 30, 2022, the Inn earned \$29,482 in interest and had a net depreciation of \$208,371. The ending balance of the Inn's investment in the mutual fund was \$1,240,372 at September 30, 2022.

At September 30, 2022, the fair values and appreciation (depreciation) for the Inn's investments were summarized as follows:

	2022		
	Fair Value	Cost or Donated Value	Gains (Losses)
Investments - end of year	\$ 1,240,372	\$ 992,305	\$ 248,067
Investments - beginning of year	1,386,476	930,038	456,438
Net depreciation for the year			\$ (208,371)

The following schedule summarizes the net investment income in the statement of activities:

	2022
Interest reinvested in mutual fund	\$ 29,482
Net realized and unrealized losses	(208,371)
Investment expenses	(17,215)
Net investment loss	\$ (196,104)

Investment revenues are reported net of related external and direct internal investment expenses in the statement of activities. The amount of expenses netted with revenues was \$17,215 for the year ended September 30, 2022.

3. CONCENTRATION OF CREDIT RISK:

The cash balances in bank accounts owned by the Inn are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At September 30, 2022, the Inn had \$533,123 in demand deposits (bank balances), of which \$266,012 was not covered by FDIC insurance or pledged securities.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

4. RETIREMENT PLAN:

The Inn participates in a 401(k) retirement plan administered by the Roman Catholic Church of the Archdiocese of New Orleans. Employees who work at least 20 hours per week are eligible to contribute up to 16% of their gross salary not to exceed federal tax law limitations. The Inn matches dollar for dollar on the first 3½% of elective deferrals. For the year ended September 30, 2022, the Inn's total contributions were \$30,098.

5. FAIR VALUE MEASUREMENTS:

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Observable inputs, such as unadjusted quoted prices in active markets, for substantially identical assets and liabilities.
- Level 2 – Observable inputs other than quoted prices within Level 1 for similar assets and liabilities. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. If the asset or liability has a specified or contractual term, the input must be observable for substantially the full term of the asset or liability.
- Level 3 – Unobservable inputs that are supported by little or no market activity, generally requiring a significant amount of judgment by management. The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments of the Inn are held in pooled assets managed by the Catholic Foundation. The values of the Inn's investments in this pool are based on information provided by the Catholic Foundation. These investments are classified within Level 2 of the fair value hierarchy.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Further, although the Inn believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

5. FAIR VALUE MEASUREMENTS: (Continued)

The Inn's investments are reported at fair value in the accompanying statement of financial position.

<u>September 30, 2022</u>	<u>Fair Value</u>	Fair Value Measurements Using Other Observable Market Data ( <u>Level 2</u> )
Mutual fund	\$ <u>1,240,372</u>	\$ <u>1,240,372</u>

6. COMPENSATED ABSENCES:

Employees of the Inn are entitled to paid personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Inn's policy is to recognize the costs of compensated absences when paid to employees.

7. USE OF ESTIMATES:

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

8. PROPERTY AND EQUIPMENT:

During the year ended September 30, 2022, the Inn completed the renovations of the new facility purchased during a prior fiscal year. Costs incurred relating to the purchase and renovation of the building, as well as any furniture and equipment purchased were recorded as construction in progress until the building was placed in service on November 1, 2021. The amounts recorded as construction in progress were allocated to the appropriate property and equipment categories.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

8. PROPERTY AND EQUIPMENT: (Continued)

Property and equipment consisted of the following:

	<u>10/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2022</u>
<u>Property and Equipment Not Being Depreciated:</u>				
Construction in progress	\$ 4,867,004	\$ 604,059	\$ (5,471,063)	\$ -
Total property and equipment not being depreciated	4,867,004	604,059	(5,471,063)	-
<u>Property and Equipment Being Depreciated:</u>				
Furniture and fixtures	7,367	295,026	-	302,393
Building and improvements	562,493	5,198,461	(562,493)	5,198,461
Kitchen equipment	163,655	64,548	(70,295)	157,908
Office equipment	31,484	-	-	31,484
Vehicles	177,950	-	-	177,950
Total property and equipment being depreciated	942,949	5,558,035	(632,788)	5,868,196
Less accumulated depreciation	<u>(622,568)</u>	<u>(224,659)</u>	<u>423,985</u>	<u>(423,242)</u>
Total property and equipment, net of depreciation	<u>\$ 5,187,385</u>	<u>\$ 5,937,435</u>	<u>\$ (5,679,866)</u>	<u>\$ 5,444,954</u>

Depreciation expense for the year ended September 30, 2022 was \$224,659.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Inn's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditures in the following year:

	<u>2022</u>
Financial assets:	
Cash and cash equivalents	\$ 493,737
Mutual fund	1,240,372
Grants receivables	211,447
Total financial assets	<u>1,945,556</u>
Financial assets available to meet cash needs for expenses for one year	<u>\$ 1,945,556</u>



OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

10. CAPITAL CAMPAIGN:

During the year ended September 30, 2020, the Inn began a capital campaign to raise funds to cover the renovation costs of the new facility. The Inn obtained grants and loans to cover the additional costs of the building purchase and renovation. During the year ended September 30, 2022, the Inn received \$1,066,415 in donations towards the campaign and incurred \$61,856 in fundraising expenses related to the campaign. Through the year ended September 30, 2022, the Inn has received a total of \$1,840,161 in contributions and incurred \$168,195 in fund raising expenses related to the capital campaign. Funds in excess of campaign contributions have been spent on planning, construction, and moving costs related to the new facility, as of September 30, 2022.

11. IN-KIND CONTRIBUTIONS:

During the year ended September 30, 2022, the Inn recognized contributions of nonfinancial assets of \$69,650. The contributions were not restricted and were comprised of \$54,000 of capitalized furniture and equipment and \$15,650 of non-capitalizable furniture and equipment. The contributed furniture and equipment was utilized either directly or indirectly to administer and deliver program services. All contributions were valued using U.S. retail prices (principal market) for similar products using pricing data under a “like-kind” methodology.

12. LONG-TERM DEBT:

On December 23, 2020, the Inn entered into a loan agreement with Fidelity Bank for the purpose of paying for renovation costs. The loan can be drawn to a maximum of \$2,000,000 and matures on December 23, 2025. Interest is calculated on unpaid principal balances using a rate of 4.85% per annum. The loan is due on demand. If no demand is made, the loan is due in six monthly payments of interest only, followed by 53 monthly principal and interest payments of \$11,518 beginning July 23, 2021, with one final principal and interest payment of the remaining unpaid balance due on December 23, 2025. Interest expense on the loan for the year ended September 30, 2022 was \$74,106. The outstanding balance of the loan at September 30, 2022 was \$1,473,177.

On December 17, 2020, the Inn entered into a loan agreement with the City of New Orleans for a forgivable loan in the amount of \$3,000,000, with an interest rate of 0% per annum. The loan proceeds were designated for the acquisition of a new facility as part of a shelter expansion. The loaned funds were awarded through the Community Development Block Grant (CDBG) - Coronavirus, Aid, Relief and Economic Security (CARES) Act from the U.S. Department of Housing and Urban Development (HUD) appropriations, with the purpose of developing viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

OZANAM INN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

12. LONG-TERM DEBT: (Continued)

The loan will be forgiven in full after the Inn maintains compliance by residing in the facility for a minimum of ten years from the date of occupancy (November 1, 2021) and continues to operate the facility providing permanent supportive housing. The full amount of the loan award was used during the year ended September 30, 2021, and is included as federal expenditures on the Statement of Expenditures of Federal Awards. The balance of the loan will be reported as a liability until the ten-year compliance requirement has concluded. The outstanding balance of the loan at September 30, 2022 was \$3,000,000.

Future minimum note payments at September 30, 2022 are as follows:

2023	\$ 1,473,177
2024	-
2025	-
2026	-
2027	-
Thereafter	<u>3,000,000</u>
Total	<u>\$ 4,473,177</u>

13. LEASE:

The Inn operates on premises that were previously owned by the St. Vincent de Paul Archdiocese Council of New Orleans, a previously related organization. There was no lease agreement between the parties and no amounts were reflected as rent. During the year ended September 30, 2019, St. Vincent de Paul Archdiocese Council of New Orleans sold the building occupied by the Inn and the relationship between the two entities ended. The new owners of the building agreed to allow the Inn to remain as a tenant during the process of obtaining and renovating a new facility. The Inn continued to pay rent on a month-to-month basis until November 2021. On November 1, 2021 renovation of the new facility was completed and placed into service. Rent expense for the year ended September 30, 2022 was \$25,437.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 2, 2023, which is the date the financial statements were available to be issued.

OZANAM INN  
SCHEDULE OF COMPENSATION, BENEFITS  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Agency Head: Clarence J. Adams  
Position: Chief Executive Officer

Salary	\$ 97,652
Benefits - medical, dental and life insurance	9,133
Cell phone allowance	900
Total	<u>\$ 107,685</u>



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## 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*

February 2, 2023

Board of Directors  
Ozanam Inn  
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ozanam Inn (the Inn) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2023.

### Report on Internal Control Over Financial Reporting

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

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

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

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

As part of obtaining reasonable assurance about whether the Inn's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Inn'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.

  
New Orleans, Louisiana



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

February 2, 2023

Board of Directors  
Ozanam Inn  
New Orleans, LA

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Ozanam Inn's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Ozanam Inn's major federal program for the year ended September 30, 2022. Ozanam Inn's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ozanam Inn complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended September 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*,

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issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, 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 Ozanam Inn 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 Inn'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 Ozanam Inn'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 Ozanam Inn's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted accounting standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve, collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Inn's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ozanam Inn'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 Ozanam Inn’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 Inn’s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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.

  
New Orleans, Louisiana



OZANAM INN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Emergency Solutions Grant (ESG) Program:			
Passed through the City of New Orleans			
Emergency Shelter Operations	14.231	ESG34F	<u>\$ 174,839</u>
Total Emergency Solutions Grant Program			<u>174,839</u>
Continuum of Care Program:			
Passed through Unity of Greater New Orleans			
Home for Good – Permanent Housing	14.267	LA0252L6H031904	50,764
Home for Good – Permanent Housing	14.267	LA0252L6H032005	596,179
Problem Solving for Coordinated Entry	14.267	LA0360L6H032001	46,802
Rapid Rehousing to Reduce Homelessness	14.267	LA0359L6H032001	<u>447,959</u>
Total Continuum of Care Program			<u>1,141,704</u>
Community Development Block Grants (CDBG) / Entitlements Grants Cluster:			
Passed through the City of New Orleans			
Shelter Expansion Loan – Cares Act – COVID-19	14.218	CDBG-CV0I	<u>3,000,000</u>
Total Community Development Block Grants / Entitlements Grants Cluster			<u>3,000,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>4,316,543</u></u>
Total financial awards - current			4,316,543
Prior year loan with continuing compliance requirements			<u>(3,000,000)</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,316,543</u></u>

See accompanying notes to schedule of expenditures of federal awards.

OZANAM INN  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ozanam Inn under programs of the federal government for the year ended September 30, 2022. 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 Inn, it is not intended to and does not present the financial position, changes in net assets, or cash flow of Ozanam Inn.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE:

The Inn has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS:

There were no awards passed through to subrecipients.

5. LOAN(S) WITH CONTINUING COMPLIANCE REQUIREMENTS:

As disclosed in note 11 to the financial statements, the forgivable loan with continuing compliance requirements bears interest of 0% in the amount of \$3,000,000 payable to the City of New Orleans (the City). The loan was allocated by the City utilizing Community Development Block Grant (CDBG) - Coronavirus, Aid, Relief and Economic Security (CARES) Act funds designated for the expansion of the Inn's shelter and was used towards the purchase of a new facility. The full amount of the loan award was used during the year ended September 30, 2021, and is included as federal expenditures on the Statement of Expenditures of Federal Awards as assistance listing #14.218. The loan will be forgiven in full after the Inn maintains compliance by owning and operating the facility as a public facility homeless shelter for a minimum of ten years from the date of occupancy (November 1, 2021). At September 30, 2022, the balance of the loan remained at \$3,000,000 and will continue to be reported as a liability and included on the Inn's schedule of expenditures of federal awards until the ten-year compliance service period has concluded.

OZANAM INN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?                   Yes              X   No
- Significant deficiency(ies) identified?              Yes              X   None reported

Noncompliance material to financial statements noted?              Yes              X   No

Noncompliance with laws and regulations noted?                   Yes              X   No

Management letter was issued?                                           Yes              X   No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?                   Yes              X   No
- Significant deficiency(ies) identified?              Yes              X   None reported

Type of auditor's report issued on compliance with the  
 Major Federal award program: *Unmodified*

Any audit findings disclosed that are required to be  
 reported in accordance with Uniform Guidance,  
 Title 2 U.S. Code of Federal Regulations (CFR)  
 Section 200.516(a):            Yes              X   No

The Inn had one major program as follows:

	<u>Assistance Listing No.</u>	<u>Federal Expenditures</u>
Continuum of Care Program	14.267	\$ <u>1,141,704</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee:                                 X   Yes                   No

OZANAM INN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED  
GOVERNMENTAL AUDITING STANDARDS

None.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None.

OZANAM INN  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PRIOR YEAR FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY  
ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS

None.

OZANAM INN

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

FOR THE FISCAL PERIOD OCTOBER 01, 2021  
THROUGH SEPTEMBER 30, 2022

OZANAM INN

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THROUGH SEPTEMBER 30, 2022

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE FISCAL PERIOD OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022

January 31, 2023

Board of Directors  
Ozanam Inn  
and The Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 01, 2021 through September 30, 2022. Ozanam Inn's management is responsible for those C/C areas identified in the SAUPs.

Ozanam Inn (the Inn) 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 the LLA's SAUPs for the fiscal period October 01, 2021 through September 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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***Written Policies and Procedures***

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1. **Procedure**: 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:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location

isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

***Board or Finance Committee***

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2. **Procedure:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the 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.*
  - c) 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.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

### ***Bank Reconciliations***

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3. **Procedure:** 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:
- a) 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);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

#### **Results:**

Upon applying the agreed-upon procedures above, it was noted that the bank reconciliations do not include evidence that a member of management / board member who does not handle cash, post ledgers, or issue checks has reviewed.

#### **Managements Response:**

Management of the Inn will consider implementing a policy where the CEO will document his review and approval of the bank reconciliations after they are completed by the Finance Manager.

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

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4. **Procedure:** 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).

#### **Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

6. **Procedure:** 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 enforced during the fiscal period.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

7. **Procedure:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe 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).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:**

Upon applying the agreed-upon procedures above, it was noted that two of the four deposits selected for testing were not made within one business day of receipt.

**Managements Response:**

Because of the size of the Inn, there is limited staff available to perform these duties. Management has determined that it is not economically feasible to make daily deposits. Deposits are made weekly.

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

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8. **Procedure:** 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).

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

9. **Procedure:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Results:**

Upon applying the agreed-upon procedures above, it was noted that the employee responsible for processing payments is also responsible for mailing the payments.

**Managements Response:**

Because of the size of the Inn, it is not cost effective to staff the personnel required to segregate these duties.

10. **Procedure:** For each location selected under #8 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:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

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

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

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

12. **Procedure:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe 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.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

13. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10

transactions subject to testing). For each transaction, observe 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.

**Results:**

Upon applying the agreed-upon procedure above, it was noted that one of ten transactions selected for tested was not supported by an original itemized receipt, or addressed with a compensating control that describes the nature of the transaction. Additionally, for the one transaction noted above, there was no written documentation of the business/public purpose and there was no documentation of the individuals participating in the meal.

**Managements Response:**

One supporting receipt was misplaced subsequent to purchase. Management considers this to be an isolated occurrence. The controls in place for maintaining credit card receipts and documenting the business purpose of each transaction appear to be sufficient.

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

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14. **Procedure:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, 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)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) 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 policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

### ***Contracts***

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

#### **Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

### ***Payroll and Personnel***

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16. **Procedure:** 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.

#### **Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

17. **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)



- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

18. **Procedure:** 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.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

19. **Procedure:** 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.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

***Ethics***

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20. **Procedure:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:**

The Louisiana Code of Ethics is generally not applicable to nonprofit entities, but may be applicable in certain situations, such as councils on aging. The ethics agreed-upon procedures are not applicable to Ozanam Inn.

***Debt Service***

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21. **Procedure:** 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.

**Results:**

The debt service agreed-upon procedures category is generally not applicable to nonprofit entities. The debt service agreed-upon procedures are not applicable to Ozanam Inn.

22. **Procedure:** 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).

**Results:**

The debt service agreed-upon procedures category is generally not applicable to nonprofit entities. The debt service agreed-upon procedures are not applicable to Ozanam Inn.

***Fraud Notice***

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23. **Procedure:** 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.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

24. **Procedure:** 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.

**Results:**

We noted no findings as a result of applying the above agreed-upon procedures.

***Information Technology Disaster Recovery/Business Continuity***

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25. **Procedure:** Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:**

We performed the above agreed-upon procedure and discussed the results with management of Ozanam Inn.

***Sexual Harassment***

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26. **Procedure:** 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.

**Results:**

A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Ozanam Inn.

27. **Procedure:** 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).

**Results:**

A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be

subject to the law as part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Ozanam Inn.

28. **Procedure:** 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:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Results:**

A private non-profit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law, R.S. 42:341, et seq. However, the non-profit could be subject to the law as part of its agreement to receive the public funds. The sexual harassment agreed-upon procedures are not applicable to Ozanam Inn.

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

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

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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 Louisiana Legislative Auditor as a public document.

  
New Orleans, Louisiana