

Keep Louisiana Beautiful, Inc.
Mandeville, Louisiana
June 30, 2021

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WAYMOUTH
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Independent Auditor's Report

The Officers and Board of Directors
Keep Louisiana Beautiful, Inc.
Mandeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Keep Louisiana Beautiful, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Keep Louisiana Beautiful, Inc. as of June 30, 2021, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of Keep Louisiana Beautiful, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Keep Louisiana Beautiful, Inc.'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 Keep Louisiana Beautiful, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Keep Louisiana Beautiful, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived.

Hawthorn, Waymouth & Carroll, L.L.P.

December 22, 2021

Keep Louisiana Beautiful, Inc.
Statement of Financial Position
June 30, 2021
With Summarized Comparative Totals as of June 30, 2020

Assets

	2021	2020
Current Assets		
Cash	\$ 346,799	\$ 323,214
Accounts receivable	414,500	105,000
Total current assets	761,299	428,214
Property and Equipment, net	5,874	1,556
Total assets	\$ 767,173	\$ 429,770

Liabilities and Net Assets

Current Liabilities		
Accrued liabilities	\$ 6,121	\$ 6,039
Deferred revenue	404	-
Total current liabilities	6,525	6,039
Net Assets		
Without donor restrictions	439,648	423,731
With donor restrictions	321,000	-
Total net assets	760,648	423,731
Total liabilities and net assets	\$ 767,173	\$ 429,770

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

Keep Louisiana Beautiful, Inc.
Statement of Activities
Year Ended June 30, 2021
With Summarized Comparative Totals for the Year Ended June 30, 2020

	2021			Total 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and Other Support				
Cooperative endeavor agreement	\$ 627,000	\$ -	\$ 627,000	\$ 630,000
Annual state conference	-	-	-	30,548
Contributions and grants	78,373	321,000	399,373	72,729
Interest	34	-	34	875
Miscellaneous	785	-	785	1,546
	<u>706,192</u>	<u>321,000</u>	<u>1,027,192</u>	<u>735,698</u>
Total revenue and other support				
Expenses				
Program services	554,921	-	554,921	566,665
Management and general	73,542	-	73,542	64,467
Fundraising	61,812	-	61,812	72,731
	<u>690,275</u>	<u>-</u>	<u>690,275</u>	<u>703,863</u>
Total expenses				
Change in Net Assets	15,917	321,000	336,917	31,835
Net Assets, beginning of year	<u>423,731</u>	<u>-</u>	<u>423,731</u>	<u>391,896</u>
Net Assets, end of year	<u>\$ 439,648</u>	<u>\$ 321,000</u>	<u>\$ 760,648</u>	<u>\$ 423,731</u>

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

Keep Louisiana Beautiful, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021
With Summarized Comparative Totals for the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2021</u>	<u>Total 2020</u>
Grant programs	\$ 152,997	\$ -	\$ -	\$ 152,997	\$ 122,444
Public awareness and marketing	200,137	-	-	200,137	232,172
Programs and public events	22,924	-	21,288	44,212	46,028
Training, travel, outreach, & affiliate support	1,644	333	-	1,977	12,924
Salaries and wages	137,421	26,023	31,540	194,984	202,333
Employee benefits	12,067	2,285	2,769	17,121	21,032
Payroll taxes	10,512	1,991	2,413	14,916	15,479
Operating expenses	16,641	7,843	3,670	28,154	31,050
Professional services	-	34,958	-	34,958	20,288
Depreciation	578	109	132	819	113
	<u>554,921</u>	<u>73,542</u>	<u>61,812</u>	<u>690,275</u>	<u>703,863</u>
Total expenses	<u>\$ 554,921</u>	<u>\$ 73,542</u>	<u>\$ 61,812</u>	<u>\$ 690,275</u>	<u>\$ 703,863</u>

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

Keep Louisiana Beautiful, Inc.
Statement of Cash Flows
Year Ended June 30, 2021
With Summarized Comparative Totals for the Year Ended June 30, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 336,917	\$ 31,835
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	819	113
(Increase) Decrease in assets:		
Accounts receivable	(309,500)	(6,622)
Increase (Decrease) in liabilities:		
Accrued liabilities	82	842
Deferred revenue	404	(945)
	<u>28,722</u>	<u>25,223</u>
Net cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(5,137)</u>	<u>(1,600)</u>
	<u>(5,137)</u>	<u>(1,600)</u>
Net cash used in investing activities		
Net Change in Cash	23,585	23,623
Cash, beginning of year	<u>323,214</u>	<u>299,591</u>
Cash, end of year	<u>\$ 346,799</u>	<u>\$ 323,214</u>

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

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2021

Note 1—Summary of Significant Accounting Policies

A. Nature of Activities

Keep Louisiana Beautiful, Inc. (the “Organization”) is a non-profit organization formed in 2000, whose mission is to promote personal, corporate, and community responsibility for a clean and beautiful Louisiana. Affiliated with Keep America Beautiful, the Organization creates and supports public/private partnerships to address the problems of litter. Program services include the following:

- Educate teachers, students, and other residents of Louisiana on the immediate and long-term effects of litter;
- Fund local environmental programs through the Organization’s grant program;
- Provide training and professional development to increase knowledge and effective policies and programming as it relates to the Organization’s mission;
- Support enforcement of state and local laws that prohibit littering by providing instructions for training law enforcement officials;
- Support Keep America Beautiful affiliates in Louisiana to strengthen communities, reduce litter, increase recycling, beautify spaces and provide meaningful volunteer opportunities;
- Develop and implement programming that supports the Organization’s mission;
- Partner with state and local governmental agencies and other like-minded groups for a clean and green Louisiana;
- Communicate the anti-litter message through a comprehensive public campaign and heighten awareness as it pertains to the Organization’s mission.

B. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according two classes of net assets that are based upon the existence or absence of restrictions on use that are placed on them by donors: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2021

Note 1—Summary of Significant Accounting Policies (Continued)

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2021, the Organization had no cash equivalents.

E. Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against expense and is maintained at a level believed adequate by management to absorb bad debts. Accounts are written off from the allowance as they are deemed uncollectible based on periodic review by management. At June 30, 2021, management believes all accounts are fully collectible; therefore, no allowance for doubtful accounts was recorded.

F. Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for major repairs and improvements that extend the useful lives of fixed assets are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred. The estimated useful lives for fixed assets are as follows: Computers (3-5 years) and art (15 years).

G. Income Taxes

Keep Louisiana Beautiful, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a).

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2021

Note 1—Summary of Significant Accounting Policies (Continued)

H. Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

I. Revenue Recognition

The Organization recognizes revenue from the cooperative endeavor agreement with the State in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. The majority of the Organization’s revenue from contracts is derived from a fixed fee contract with the State of Louisiana, which is conditioned upon certain performance requirements and deliverables. Revenues are recognized on a bimonthly basis when the performance requirements and deliverables are approved by the State. Registration and sponsorship revenue from the annual state conference are recognized in the period in which the conference takes place.

J. Functional Classification of Expenses

Expenses are allocated in the accompanying financial statements to program services, management and general, and fundraising functional expense groups. The methods of allocation are based on several factors such as utilization of office space as well as the Organization’s estimates of the relative proportion of various staff members’ time and effort between program and administrative functions.

K. Liquidity Management

As of June 30, 2021, the following financial assets could be made readily available within one year of the date of the statement of financial position to meet general expenditures:

Cash	\$	346,799
Accounts receivable		<u>414,500</u>
 Total financial assets, period end		 761,299
 Less, those unavailable for general expenditures within one year, due to:		
Donor restrictions on the use of assets for particular programs		<u>(321,000)</u>
 Financial assets available to meet cash needs for general expenditures within one year.		 <u>\$ 440,299</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2021

Note 1—Summary of Significant Accounting Policies (Continued)

L. Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The Organization adopted Topic 606 effective July 1, 2020, the first day of the Organization’s fiscal year, using the modified retrospective approach. No cumulative-effect adjustment in net assets was recorded as the adoption of Topic 606 did not significantly impact the Organization’s reported historical revenue.

M. Accounting Pronouncements Pending Adoption

In February 2016, the FASB issued ASU-2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Organization is currently assessing the impact of this pronouncement on its financial statements.

N. Prior Period Information

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Note 2—Property and Equipment

Property and equipment are summarized as follows as of June 30, 2021:

Computers	\$ 15,138
Art	<u>1,000</u>
	16,138
Accumulated depreciation	<u>(10,264)</u>
Property and equipment, net	<u><u>\$ 5,874</u></u>

Note 3—Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2021 consisted of purpose restrictions in the amount of \$321,000.

Keep Louisiana Beautiful, Inc.
Notes to Financial Statements
June 30, 2021

Note 4—Operating Lease

The Organization leases office space under an operating lease, which expired on June 30, 2021. Total rent expense for the year ended June 30, 2021 was \$15,125, which is included in operating expenses. The lease was subsequently renewed for an additional year under the same terms.

Note 5—Related Party Transactions

For the year ended June 30, 2021, the Organization received a grant from its national affiliate, Keep America Beautiful, in the amount of \$20,000 in the form of electronic gift cards. All gift cards had been distributed to its local affiliates by the end of the year.

Note 6—Concentrations

Approximately 86% of the Organization's support is from a cooperative endeavor agreement with the State of Louisiana, Department of Education for the year ended June 30, 2021. Loss of this funding could have a significant adverse impact on future operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

From time to time, the Organization maintains its bank balances with one financial institution in excess of federally insured limits. The Organization believes there is no significant risk with respect to such balances.

Note 7—Contingencies

The Organization is under contract with the State of Louisiana by means of a Cooperative Endeavor Agreement, which is governed by various rules and regulations. If it is determined that the Organization has not complied with the rules and regulations governing the contract, the contract may be terminated immediately at the option of the State. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the contract; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 8—Risks and Uncertainties

The COVID-19 pandemic has caused extensive disruptions to the global, national and regional economy. Governments, businesses, and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. While the scope, duration, and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted economic activity. If these implications continue for a prolonged period or result in sustained economic stress or recession, there could be a material adverse effect on the Organization related to profitability, operations, liquidity, and funding.

Note 9—Subsequent Events

Management has evaluated all subsequent events through December 22, 2021, the date the financial statements were available to be issued. As a result, the Organization noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Keep Louisiana Beautiful, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2021**

Agency Head Name: Susan Russell, Executive Director

Purpose	Amount
Salary	\$ 85,000
Benefits - insurance	8,290
Benefits - retirement	-
Car allowance	-
Vehicle provided by agency	-
Per diem	-
Reimbursements	-
Travel (mileage)	1,589
Registration fees	195
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-



**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***

The Officers and Board of Directors
Keep Louisiana Beautiful, Inc.
Mandeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Keep Louisiana Beautiful, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 December 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Keep Louisiana Beautiful, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Keep Louisiana Beautiful, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Keep Louisiana Beautiful, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency (2021-001).

Compliance and Other Matters

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

Keep Louisiana Beautiful, Inc.'s Response to Finding

Keep Louisiana Beautiful, Inc.'s response to the finding identified in our audit is described in the accompany schedule of findings and responses. Keep Louisiana Beautiful, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Hawthorn, Waymouth & Carroll, L.L.P.

December 22, 2021

**Keep Louisiana Beautiful, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2021**

Part I – Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Keep Louisiana Beautiful, Inc., as of and for the year ended June 30, 2021, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II – Financial Statement Findings

2021-001 - Segregation of Duties

Condition:

Due to the small size of the Organization, ideal segregation of duties cannot be achieved.

Criteria:

The Organization should separate responsibilities for authorizing transactions, recording transactions, and the custody of assets.

Cause:

The size of the Organization does not permit proper segregation of duties.

Effect:

The lack of segregation of duties increases the risk of fraud related to misappropriation of assets, financial statement misstatement, or both.

Auditor Recommendation:

While we recognize it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, we believe it is important that management and those charged with governance are aware that some weaknesses may exist and that they should apply diligent oversight and monitoring activities.

Keep Louisiana Beautiful, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Part II – Financial Statement Findings (Continued)

2021-001 - Segregation of Duties (Continued)

Management's Response:

Those charged with governance are actively involved in oversight and monitoring activities to help strengthen internal controls. Financial statements and budget-to-actual comparisons are reviewed at the Board meetings. Management reviews monthly bank statements and reconciliations. The Board Chair, Board Secretary, Executive Director, and bookkeeper all have access to the online banking activity, which provides another level of accountability and on-going monitoring from the Organization's top leadership. For vendor payments, in addition to requiring two signatures on every check, the original receipt must be present with the check when the second signature is requested. The Board Chair or the Board Treasurer must initial the invoice or receipts showing that they were reviewed.

Keep Louisiana Beautiful, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Part I – Financial Statement Findings

2020-001 - Segregation of Duties

Summary of Prior Year Finding:

Due to the small size of the Organization, ideal segregation of duties cannot be achieved.

Status:

This repeats as current year finding 2021-001.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2020.

**Keep Louisiana Beautiful, Inc.
Agreed-Upon Procedures Report
June 30, 2021**



**Independent Accountant's Report
on Applying Agreed-upon Procedures**

To the Board of Directors of
Keep Louisiana Beautiful, 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) as required by Act 774 of the 2014 Regular Legislative Session for the fiscal period July 01, 2020 through June 30, 2021. Keep Louisiana Beautiful, Inc.'s management is responsible for those C/C areas identified in the AUPs.

Keep Louisiana Beautiful, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's AUPs for the fiscal period July 01, 2020 through June 30, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated finds (in italics) are as follows:

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

The Entity does not have written policies and procedures on budgeting.

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

The Entity does not have written policies and procedures on purchasing.

c) ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

- 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)

The Entity does not have written policies and procedures on receipts/collections.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

The Entity's payroll/personnel policy does not explicitly address payroll processing or reviewing and approving time and attendance records.

- 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

The Entity does not have written policies and procedures on contracting.

- 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

No exceptions noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- i) **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.

The Entity does not have written policies and procedures on information technology disaster recovery and business continuity.

Cooperative Endeavor Agreement (CEA) with Louisiana Department of Education (LDE) (follow-up)

2. Obtain from management the most current CEA, and signed amendments, between KLB and the LDE. Report the total amount of the fiscal year 2021 budget, the total of the salary and related taxes, and the percentage of the salary and related taxes compared to the total budget.

The maximum fee of the 2021 fiscal year CEA was \$627,000. LDE does not provide for a line-by-line budget of allowable costs, rather six equal payments of \$104,500 are made based upon completion of deliverables found in Appendix A to the CEA and submittal of a biannual report. Written progress reports concerning the use of the funds and specific goals and objectives for the use of funds describing the activities conducted accompany each request for payment. Therefore, there is no salary and related taxes budget line item.

We were engaged by Keep Louisiana Beautiful, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the 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 Keep Louisiana Beautiful, Inc. and to meet our 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.

Hawthorn, Weymouth & Carroll, L.L.P.

December 28, 2021