



*Luther Speight & Company*  
*Certified Public Accountants and Consultants*

BROTHERHOOD, INCORPORATED  
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Brotherhood, Inc.

***Report on the Financial Statements***

We have audited the accompanying financial statements of Brotherhood Inc., Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statement 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.

Continued,

**Emphasis of a Matter**

As discussed in Note 2 of the financial statements, during the year ended December 31, 2019, the Clinic adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

**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 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*, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are 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 3, 2020, on our consideration of Brotherhood, 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 Brotherhood 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 Brotherhood, Inc.'s internal control over financial reporting and compliance.



Luther Speight & Company CPAs  
New Orleans, Louisiana  
December 3, 2020

**Brotherhood, Incorporated**  
**Statement of Financial Position**  
**December 31, 2019**

**Assets**

Current Assets

Cash	\$ 80,757
Accounts Receivable	65,232
Other Current Assets	3,122
Net Fixed Assets	<u>177,797</u>

Total Assets \$ 326,908

**Liabilities**

Liabilities

Accrued Payroll	\$ 28,275
Payroll Tax Liabilities	13,537
Other Current Liabilities	4,250
Line of Credit	<u>247</u>
Total Liabilities	<u>46,309</u>

**Net Assets**

Without Donor Restrictions	<u>280,599</u>
Total Net Assets	<u>280,599</u>

Total Liabilities and Net Assets \$ 326,908

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

**Brotherhood, Incorporated**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**

<b>Public Support and Revenues</b>	Without Donor Restrictions	With Donor Restrictions	Total
Grant Support	\$ -	\$ 1,174,621	\$ 1,174,621
Gain on Sale of Asset	190,879	-	190,879
Program Income	42,840	-	42,840
Other Income	13,004	-	13,004
Releases from Restrictions	1,174,621	(1,174,621)	-
<b>Total Public Support and Revenues</b>	<u>1,421,344</u>	<u>-</u>	<u>1,421,344</u>
 <b>Expenses</b>			
Program Services:			
A. HIV/AIDS Housing	291,090	-	291,090
B. OPH HIV/AIDS Testing	376,520	-	376,520
C. CDC HIV/AIDS Prevention	361,504	-	361,504
D. NYU HIV/AIDS Testing	103,109	-	103,109
E. Compass Initiative	75,509	-	75,509
F. Advocacy Social Justice	39,252	-	39,252
 Support Services:			
Management and General	<u>105,108</u>	<u>-</u>	<u>105,108</u>
 Total Expenses	 <u>1,352,092</u>	 <u>-</u>	 <u>1,352,092</u>
 Change in Net Assets from Operations	 69,252	 -	 69,252
 Net Assets Adjustments	 6,121	 -	 6,121
 Net Assets, Beginning of Period	 <u>205,226</u>	 <u>-</u>	 <u>205,226</u>
 Net Assets, End of Period	 <u>\$ 280,599</u>	 <u>\$ -</u>	 <u>\$ 280,599</u>

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

**Brotherhood, Incorporated**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 69,252
Net Asset Adjustments	6,121
Adjustments to reconcile changes in net assets to net cash provided in operating activities:	
Depreciation	29,945
Gain on Sale of Assets	(190,879)
Decrease in Grants Receivable	39,399
Increase in Other Current Assets	(450)
Decrease in Accounts Payable	(32,030)
Decrease in Accrued Payroll	(5,899)
Decrease in Payroll Liabilities	(77,407)
Decrease in Other Current Liabilities	(1,300)
Net Cash Used by Operating Activities	<u>(163,248)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Fixed Assets	(4,301)
Proceeds from Sale of Assets	235,332
Net Cash Provided By Investing Activities	<u>231,031</u>

CASH FLOWS FROM BY FINANCING ACTIVIITES

Payments of Lines of Credit (Net)	<u>(66,384)</u>
Net Cash Provided By Financing Activities	<u>(66,384)</u>

Net Increase in Cash and Cash Equivalents	1,399
Beginning Cash and Cash Equivalents	<u>79,358</u>
Ending Cash and Cash Equivalents	<u>\$ 80,757</u>

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

**Brotherhood, Incorporated**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	HIV/AIDS	OPH	CDC	NYU	Compass	Advocacy		Management	
	HIV/AIDS	HIV/AIDS	HIV/AIDS	HIV/AIDS	Compass	Social	Total	& General	Total
	Housing	Testing	Prevention	Prevention	Initiative	Justice			
Salaries & Related Expenses	240,075	212,596	198,927	64,781	61,391	36,656	814,426	149,979	964,405
Medical Lab Costs	850	51,535	16,405	-	-	-	68,790	-	68,790
Travel & Training	859	8,533	9,148	25,136	7,249	925	51,850	6,189	58,039
Insurance	8,899	13,625	12,134	-	-	-	34,658	11,585	46,243
Rent Expense	-	12,420	19,327	4,043	368	-	36,158	-	36,158
Utilities & Household	12,170	1,422	882	-	-	-	14,474	4,711	19,185
Communications	7,763	4,775	5,442	-	-	-	17,980	1,056	19,036
Program Incentives	-	3,042	15,095	-	-	50	18,187	390	18,577
Office Expenses	1,333	7,723	5,130	455	1,107	1,009	16,757	1,125	17,882
Food & Nutrition	8,715	-	-	-	-	-	8,715	8,837	17,552
Repairs & Maintenance	3,986	1,182	2,600	-	-	500	8,268	8,692	16,960
Professional Fees	6,000	4,500	4,000	-	-	-	14,500	-	14,500
Other Expenses	-	3,744	-	124	105	-	3,973	6,404	10,377
Indirect Costs	-	51,298	68,817	8,570	5,289	112	134,086	(127,917)	6,169
Program Supplies	-	-	3,417	-	-	-	3,417	-	3,417
Interest Expense	-	-	-	-	-	-	-	3,315	3,315
Fees, Taxes and Assessments	440	-	180	-	-	-	620	797	1,417
Advertising Expense	-	125	-	-	-	-	125	-	125
Sub-Totals	291,090	376,520	361,504	103,109	75,509	39,252	1,246,984	75,163	1,322,147
Depreciation Expense	-	-	-	-	-	-	-	29,945	29,945
Totals	<u>\$ 291,090</u>	<u>\$ 376,520</u>	<u>\$ 361,504</u>	<u>\$ 103,109</u>	<u>\$ 75,509</u>	<u>\$ 39,252</u>	<u>\$ 1,246,984</u>	<u>\$ 105,108</u>	<u>\$ 1,352,092</u>

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

**Brotherhood, Incorporated**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 1 - ORGANIZATION**

Brotherhood, Inc. is a nonprofit, community-based organization that is dedicated to providing housing and healthcare for individuals suffering from Human Immune/Deficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) and to provide support services for their families. Brotherhood, Inc. was incorporated on June 7, 1996 pursuant to the provisions of the Louisiana Nonprofit Law, Louisiana R. S. 12:201 – 12:269 (1950 as amended).

Brotherhood, Inc. offers and provides the following programs and services:

- HIV/AIDS Education and Training;
- Risk Reduction Workshops;
- African American Community Leader Training;
- Community Awareness Sessions and Health Fairs;
- Street and Venue Based Outreach;
- Condom Distribution;
- HIV Counseling and Testing;
- Peer Lead Support Groups;
- Referrals and Other Services
- Support housing for people with special needs; and
- Capacity building assistance to other community-based organizations.

Programs and services provided by Brotherhood Inc. are funded primarily by grants from the following agencies:

- U. S. Department of Health and Human Services
- Center for Disease Control and Prevention
- U.S. Department of Housing and Urban Development

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Accounting

Brotherhood, Inc. is a non-profit, community-based organization whose financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. 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.

**Brotherhood, Incorporated**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Reporting

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category. The Organization has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Organization and therefore, their policy is to record those net assets as without donor restrictions.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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

At December 31, 2019, Brotherhood, Inc. did not have any net assets with donor restrictions.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents. For the year ended December 31, 2019, the Organization did not have any cash equivalents.

**Brotherhood, Incorporated**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Uncollectible Accounts, Grants Receivable, and Promises to Give

The Organization uses the direct charge-off method whereby uncollectible accounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method. For the year ended December 31, 2019, the Organization did not record an allowance for doubtful accounts.

Fixed Assets

Land, furniture, equipment, vehicles, and building and improvements of Brotherhood, Inc. are recorded as assets and are stated at historical cost, if purchased or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Long-lived assets over \$500 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Furniture and Equipment	3-7 Years
Vehicles	5 Years
Building and Improvements	10-27.5 Years

Support and Revenues

Revenues received under government grant programs are recognized when earned. For cost-reimbursement grants, the revenue is earned when the related expenditure is incurred. Contributions are considered net assets without donor restrictions unless specifically restricted by the donor.

Concentration of Credit

The Organization maintains cash accounts with one commercial bank. The balances did not exceed the federal insured amount of \$250,000 during the year ended December 31, 2019.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Brotherhood, Incorporated**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they are filed.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. This ASU is effective for years beginning after December 15, 2018, but early adoption was permitted. The Organization adopted this accounting standard during the year ended December 31, 2019. The implementation did not result in a retrospective adjustment to prior year net assets.

**NOTE 3 – FIXED ASSETS**

A summary of fixed assets is as follows:

Land	\$	12,000
Furniture and Fixtures		69,724
Buildings and Improvements		453,181
Equipment		194,409
Vehicles		39,598
		<u>768,912</u>
Accumulated Depr		<u>(591,115)</u>
Net Fixed Assets	\$	<u>177,797</u>

Depreciation expense for the year then ended December 31, 2019 was \$29,945.

**Brotherhood, Incorporated**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 4 – ECONOMIC DEPENDENCY**

The primary source of revenue for the Organization is federal grants provided through various funding agencies. The continued success of Brotherhood, Inc. is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

**NOTE 5 – GOVERNMENT GRANTS**

Brotherhood, Inc. is the recipient of several federal awards, as disclosed in the schedule of expenditures of federal awards. Included in grant revenue are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of Brotherhood, Inc.

**NOTE 6 – OPERATING LEASES**

Brotherhood, Inc. executes annual lease agreements for the use of office space in a building located at 2714 Canal Street. Total rent expense for the year ended December 31, 2019 was \$36,158.

The future minimum lease payments are as follows:

<b><u>December 31,</u></b>	<b><u>Amount</u></b>
2020	\$ 13,847
Total	<u>\$ 13,847</u>

**NOTE 7 – FEDERAL COMPLIANCE CONTINGENCIES**

The Organization is a recipient of several grants and awards of federal funds. These grants and awards are governed by various federal guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control and administration of Brotherhood, Inc., and is subject to audit and /or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

**Brotherhood, Incorporated**  
**Notes to the Financial Statements**  
**December 31, 2019**

**NOTE 8 – LINES OF CREDIT**

The Organization has one line of credit with a financial institution. At December 31, 2019, the line of credit has an interest rate of 7.5%. At December 31, 2019, the line of credit has an outstanding balance of \$247. In addition, the Organization had a line of credit with a different financial institution that was paid off during the year ended December 31, 2019.

**NOTE 9 – PENSION PLAN**

The Organization has a 403(b) Pension Plan. Employees, who have successfully completed their 90 day probationary period are qualified to join the plan. The Organization does not contribute any money to the plan.

**NOTE 10 – NET ASSETS ADJUSTMENTS**

Management determined there were adjustments needed to balance net assets related to prior audit entries that were not recorded. During the year ending December 31, 2019, management made adjustments to net assets in the net amount of \$6,121.

**NOTE 11 – SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) spread across multiple countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions to the Organization's operations and the ability for the Organization's employees to perform their tasks.

Management evaluated subsequent events as of December 3, 2020, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

**Brotherhood, Incorporated**  
**Schedule of Expenditures of Federal Awards**  
**December 31, 2019**

<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Project/Pass-through Identifying Number</u>	<u>Award Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
City of New Orleans:					
		14.241	Housing Opportunities for Persons With AIDS	HOPWA-026B	\$ 291,090
 <u>CENTER FOR DISEASE CONTROL AND PREVENTION</u>					
New York University School of Medicine:					
		93.941	Impact of Neighborhoods and Networks on HIV Prevention and Care Behaviors Among Black MSM in the Deep South	106119	103,109
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant:					
		93.939	Comprehensive High Impact HIV Prevention Projects for Community Based Organizations	6NU65PS004804-04-01	361,504
State of Louisiana:					
		93.940	Pre-Exposure Prophylaxis (PREP) and Peer Navigational Services	2000170068/2000398435	152,804
		93.940	4th Gen. Lab Based HIV Testing & Expanded STI Screening	2000168153/2000398443	223,716
<b>TOTAL FEDERAL EXPENDITURES</b>					<b>\$ 1,132,223</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Brotherhood, Incorporated**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2019**

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of Brotherhood, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – De Minimis Cost Rate

During the year ended December 31, 2019, Brotherhood, Inc. did not elect to use the 10% de minimis cost rate.



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*Certified Public Accountants and Consultants*

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

To the Board of Directors  
Brotherhood, Inc.

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 Brotherhood, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 3, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Brotherhood 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 Brotherhood Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Brotherhood Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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.

**Continued,**

We consider the deficiency described in the accompanying schedule of findings and questioned costs as item #2019-01 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding #2019-02 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Brotherhood 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*.

**Brotherhood Inc.'s Response to Findings**

Brotherhood Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Brotherhood 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.



Luther Speight & Company CPAs  
New Orleans, Louisiana  
December 3, 2020



*Luther Speight & Company*  
*Certified Public Accountants and Consultants*

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

To the Board of Directors of  
Brotherhood, Inc.

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

We have audited Brotherhood Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Brotherhood Inc.'s major federal program for the year ended December 31, 2019. Brotherhood Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Brotherhood Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brotherhood Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Brotherhood Inc.'s compliance.

Continued,

**Opinion on Each Major Federal Program**

In our opinion, Brotherhood Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

**Report on Internal Control Over Compliance**

Management of Brotherhood Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brotherhood Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brotherhood Inc.'s 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Luther Speight & Company CPAs  
New Orleans, Louisiana  
December 3, 2020

**Brotherhood, Incorporated**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified?              X   yes           no  
Significant deficiencies identified  
not considered to be material weaknesses?      X   yes           no

Noncompliance material to financial statements noted?           yes      X   no

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?                   yes      X   no  
Significant deficiencies identified  
not considered to be material weaknesses?           yes      X   no

An unqualified opinion was issued on compliance.

Other matters or instances on  
noncompliance required to be reported  
in accordance with the Uniform Guidance?           yes      X   no

The major programs for the year ended December 31, 2019 were as follows:

1. Housing Opportunities for Persons with AIDS – 14.241
2. Comprehensive High Impact HIV Prevention Projects for Community Based Organizations – 93.939

Dollar threshold used to distinguish between Type A and Type Be programs: \$750,000

Auditee did not qualify as a low-risk auditee.

**Brotherhood, Incorporated**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

FINDING NO. 2019-01: GENERAL ACCOUNTING AND MONTH-END  
CLOSE PROCEDURES NOT ADEQUATE

**CRITERIA:**

Generally accepted accounting principles and nonprofit accounting best practices require that reconciliations be performed monthly for all general ledger accounts as part of an organization's month-end close process.

**CONDITION:**

The accounting and month-end closing procedures did not include proper account analysis and complete reconciliation of subsidiary ledgers to the general ledger accounts. As a result, our examination identified adjusting audit entries that were material in number and amount for certain general ledger accounts. In addition, we made multiple adjustments to net assets to properly account for activities that occurred in prior years and to record prior year audit adjustments that were not recorded by the client.

**CAUSE:**

We were advised that Organization accounting personnel availability was adversely impacted by the global pandemic and other human resource factors.

**EFFECT:**

Although, each of the audit adjustments were ultimately recorded, the accuracy of the Organization's interim financial reporting may have been impaired.

**RECOMMENDATION:**

We recommend that the Organization update their accounting and month-end close process to ensure that all general ledger accounts are fully reconciled. Any resulting adjustments should be researched and properly recorded on an interim basis. Alternative staffing approaches should be considered if future disruptions to human resources occur.

**MANAGEMENT RESPONSE:**

A key member of our organization's accounting function was granted a medical leave of absence and with the global pandemic the accounting and month end closing procedures were not properly reconciled. We will update the accounting and month end closing process procedures to ensure all general ledger accounts will be fully reconciled and any adjustments being made accordingly on an interim basis. We will take steps to ensure adequate staff are hired so there will be no future disruptions to the organization's financial stability. Also, if budget permits, we will contract with a CPA consulting firm to review our financial records to be in compliance with the general accepted accounting principles. In the meanwhile, we will adhere to the accounting best practices as required to be in compliance.

**Brotherhood, Incorporated**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

FINDING NO. 2019-02: PAYROLL AND HUMAN RESOURCE PROCEDURES NOT FOLLOWED CONSISTENTLY

CRITERIA:

Best practices for Non-Profit entities published by the Louisiana Legislative Auditor relating to proper internal controls over payroll and personnel files state the following:

Payroll Documentation

Effective controls could consist of (1) including in the individual personnel files the approved salary or rate of pay amount; (2) requiring all employees to complete simple time reports to document hours worked; (3) requiring the time reports be approved by the appropriate supervisor; and (4) maintaining simple records to account for vacation and sick leave earned and taken by employees.

Employee Personnel Records

A personnel file should be maintained for each employee that contains, at a minimum, (1) the employment application form that includes background information (employee's name, address, date of birth, emergency contact) and work experience of the employee; (2) the approved starting salary or rate of pay amount; (3) the Federal Employee's Withholding Allowance Certificate Form W-4 and Louisiana Employee Withholding Exemption Certificate Form L-4; (4) approved salary or hourly pay rate increases/decreases; (5) employee authorized deductions (e.g., insurance, deferred compensation plan); (6) performance appraisals; (7) promotions; and (8) disciplinary actions.

CONDITION:

The Organization's payroll processing and human resource procedures were not adequate and did not include sufficient documentation to support all payroll disbursements. During our examination we noted the following:

- 1) We examined a sample of fifty-nine (59) payroll transactions and twenty (20) personnel files and noted the following:
  - a) Three (3) of the employee timesheets did not reflect supervisory approval.
  - b) Six (6) transactions where the hours worked per the employee timesheet did not match the hours on the payroll register.
  - c) Six (6) transactions where the most up to date pay rate was not located in the personnel folders.

**BROTHERHOOD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2019**

FINDING NO. 2019-02: PAYROLL AND HUMAN RESOURCE PROCEDURES NOT FOLLOWED CONSISTENTLY (CONTINUED)

**CAUSE:**

The Organization did follow their HR and payroll procedures consistently.

**EFFECT:**

The internal control environment over payroll and human resources was not adequate.

**RECOMMENDATION:**

We recommend that the Organization update its HR and payroll procedures to include a comparison of time sheets to the payroll registers during each pay period. In addition, they should ensure that all timesheets are approved by the appropriate supervisor. Lastly, the Organization should ensure that evidence of changes in pay rates are kept in all personnel files.

**MANAGEMENT'S RESPONSE:**

We will update our HR and payroll procedures to ensure consistency with each pay period. We will implement adhere to our policies and procedures to be in compliance and meet the best accounting practices. We will ensure all timesheets will be reviewed and sign by the appropriate supervisor. Also, we will update the personnel files to reflect the staff's salary changes accordingly as we get any new funding or changes to existing grants.

**Brotherhood, Incorporated**  
**Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2019**

<u>Finding #</u>	<u>Description</u>	<u>Resolved/Unresolved</u>
2018-01	Audit Report Not Submitted Timely	Resolved
2018-02	Delinquent Payroll Taxes	Resolved

**Brotherhood, Incorporated**

**Schedule of Compensation, Benefits, and Other Payments  
To Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2019**

**Agency Head Name: Mark Johnson, Executive Director**

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 91,304
Benefits-FICA	6,908
Benefits-insurance	-
Benefits-retirement	-
Benefits-executive parking	-
Car allowance	-
vehicle provided by government	-
Per diem	410
Reimbursements	-
Travel	-
Registration fees	325
Conference travel	1,125
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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



*Luther Speight & Company*  
*Certified Public Accountants and Consultants*

**BROTHERHOOD, INCORPORATED**

**AGREED UPON PROCEDURES REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2019**



*Luther Speight & Company*  
*Certified Public Accountants and Consultants*

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Brotherhood Inc.  
And the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Brotherhood, Inc. (the Brotherhood) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Brotherhood's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe 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.

**Observation:** Brotherhood, Inc.'s Accounting Policies and Procedures address preparing, adopting, monitoring and amending the organization's 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.

**Observation:** Brotherhood, Inc.'s Accounting & Fiscal Policies and Procedures address how purchases are initiated; the entity is not applying the organization's purchasing policy and procedures as prescribed. Brotherhood, Inc.'s Accounting & Fiscal Policy and Procedures address how vendors are added to the vendor list. Brotherhood, Inc. has a preparation and approval process for purchase requisitions and purchase orders; however, they are not implementing the preparation and approval process for purchase requisitions and purchase orders on all transactions.

**Management Response:** *We will ensure management will implement the approval and purchasing process and have our staff to adhere to our fiscal policy. We will host a training to update the staff of the importance of the purchasing policy. To be in compliant, we will practice the generally accepted accounting principles to the best of our ability.*

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

**Observation:** Brotherhood, Inc.'s Accounting and Fiscal Policies and Procedures address 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 to traffic tickets number sequences, agency fund forfeiture monies confirmation).

**Observation:** Brotherhood, Inc.'s Accounting and Fiscal Policies and Procedures address receiving, recording and preparing deposits.

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

**Observation:** Brotherhood, Inc. Payroll Policies and Procedures addresses payroll processing, reviewing and approving of time and attendance records including leave and overtime worked.

- 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.

**Observation:** Brotherhood, Inc.'s Accounting and Fiscal Policies and Procedures address (1) the types of services requiring written contracts, (2) the standard terms and conditions, (3) the legal review, (4) the approval process, and (5) the 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).

**Observation:** Brotherhood, Inc.'s Accounting and Fiscal Policies and Procedures does address how cards are to be controlled, the allowable business uses of cards, the documentation requirements, the required approvers of statements, and the monitoring of card usage.

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

**Observation:** Brotherhood, Inc.'s Accounting and Fiscal Policies and Procedures address (1) allowable travel and expense reimbursements, (2) dollar thresholds by category of expense (e.g., meals, lodging and incidental expenses), (3) documentation requirements, and (4) required approvers.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Observation:** Ethics requirements are not applicable to nonprofits.

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

**Observation:** Debt service requirements are not applicable to nonprofits.

- k) ***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.

**Observation:** Brotherhood, Inc.'s has adopted a policy that addresses the above Disaster Recovery/Business Continuity information.

### ***Board or Finance Committee***

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2. 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.

**Observation:** The Board met on January 23, 2019, March 20, 2019, May 14, 2019, August 14, 2019, and November 20, 2019.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

**Observation:** The minutes referenced or include financial activity relating to public funds.

- 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.

**Observation:** The Organization is a nonprofit entity.

### ***Bank Reconciliations***

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3. Obtain a listing of client 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 selected each 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, electronically logged);

**Observation:** There is no evidence on the bank reconciliations to indicate they were prepared within 2 months of the related statement closing dates.

**Management Response:** *Bank reconciliations are prepared by the Fiscal Director; however, they are not signed accordingly. We will ensure all future bank statements and reconciliations will be initialed after they reconciled by the Executive Director.*

- 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

**Observation:** There is no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliations.

**Management Response:** *Bank statements and reconciliations are readily available to be reviewed on a monthly basis by the Executive Director and presented to the Board Treasurer at board meetings. We will ensure all future bank statements and reconciliations will be initialed after they are reviewed.*

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

**Observation:** No items were noted as outstanding for more than 12 months from the statement closing dates.

### ***Collections (excluding EFTs)***

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**Observation:** We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

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

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**Observation:** We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

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

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4. 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.

**Observation:** A listing of all active cards were obtained from management. Management explained the only person authorized to use the company's credit card is the executive director. We reviewed the Home Depot Credit Card statement and noted it was reviewed and approved.

5. 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 that 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) was 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.]]

**Observation:** We noted the monthly statement selected for testing was approved in writing by someone other than the authorized card holder.

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

**Observation:** We noted that finance charges were not assessed on the statement selected for testing.

- 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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

**Observation:** No exceptions were noted. Each transaction was supported by the appropriate documentation.

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

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**Observation:** We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

#### *Contracts*

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**Observation:** We noted no findings in this section for the year ended December 31, 2018. Therefore, we determined this section was not necessary for the year ended December 31, 2019.

#### *Payroll and Personnel*

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- Obtain a listing of employees/elected officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files

**Observation:** Obtained the listing of employees employed during the fiscal period and management’s representation that the listing is complete. We noted that of the 5 employees selected for testing only 1 employee’s paid salary agreed to the authorized rate in the personnel file.

*Management's Response: We will update our HR policy and personnel files accordingly to reflect the staff's salary changes as we get any new funding or changes to existing grants. To be in compliance, we will practice the generally accepted accounting principles to the best of our ability.*

8. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Observation:** Daily attendance and leave was properly documented.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

**Observation:** Attendance and leave was approved by a supervisor.

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

**Observation:** Both accrued and leave taken are reflected in the entity's cumulative records.

9. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**Observation:** No exceptions were noted, the termination payments coincided with the related records and documentation.

10. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

**Observation:** Management's representation obtained.

*Ethics*

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*Observation: Section is not applicable, as the Organization is a non-profit.*

*Debt Service*

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*Observation: Section is not applicable, as the Organization is a non-profit.*

*Other*

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11. 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.

*Observation: Per discussions with management, the organization had no misappropriations of public funds or assets.*

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

*Observation: The organization does have the notice posted on its premises and website.*

We were not engaged to and did not conduct an examination or review, 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.

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



Luther Speight & Company CPAs  
New Orleans, Louisiana  
December 3, 2020