MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

JUNE 30, 2024 AND 2023

ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of MQVN Community Development Corporation, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MQVN Community Development Corporation, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MQVN Community Development Corporation, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.,
New Orleans, Louisiana
December 14, 2024

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MQVN Community Development Corporation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.,
New Orleans, Louisiana
December 14, 2024

Supplementary 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, as required by Louisiana Revised Statute 24:513 A.(3), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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 supplementary 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 14, 2024, on our consideration of MQVN Community Development Corporation, 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 MQVN Community Development Corporation, 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 MQVN Community Development Corporation, Inc.'s internal control over financial reporting and compliance.

December 14, 2024
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,492,309	$ 6,543,583
Certificates of deposit	2,000,000	-
Patient accounts receivable	181,493	254,601
Grants receivables	304,152	368,486
Prepaid expenses	60,249	74,391
Total current assets	7,038,203	7,241,061
NON-CURRENT ASSETS:		
Property and equipment, net	1,976,807	1,926,294
Total non-current assets	1,976,807	1,926,294
Total assets	$ 9,015,010	$ 9,167,355
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 290,830	$ 183,685
Current maturities of long-term debt	-	17,108
Total current liabilities	290,830	200,793
Total liabilities	290,830	200,793
NET ASSETS:		
Without donor restrictions	8,724,180	8,966,562
With donor restrictions	-	-
Total net assets	8,724,180	8,966,562
Total liabilities and net assets	$ 9,015,010	$ 9,167,355

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:			
Patient service revenue	$ 1,708,327	$ -	$ 1,708,327
Community health centers grant revenue	2,085,304	-	2,085,304
Other grants and contract revenue	150,068	-	150,068
Insurance incentives	57,771	-	57,771
Other revenues	61,283	-	61,283
Net assets released from restrictions	-	-	-
Total revenue, gains, and other support	4,062,753	-	4,062,753
EXPENSES:			
Program services	3,482,681	-	3,482,681
Supporting services:			
Management and general	822,454	-	822,454
Total expenses	4,305,135	-	4,305,135
CHANGE IN NET ASSETS	(242,382)	-	(242,382)
Net assets - beginning of year	8,966,562	-	8,966,562
Net assets - end of year	$ 8,724,180	$ -	$ 8,724,180

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:			
Patient service revenue	$ 1,756,610	$ -	$ 1,756,610
Community health centers grant revenue	2,726,632	-	2,726,632
Pharmacy revenue	443	-	443
Insurance incentives	120,988	-	120,988
Other revenues	26,050	-	26,050
Net assets released from restrictions	-	-	-
Total revenue, gains, and other support	4,630,723	-	4,630,723
EXPENSES:			
Program services	2,993,723	-	2,993,723
Supporting services:			
Management and general	1,073,162	-	1,073,162
Total expenses	4,066,885	-	4,066,885
CHANGE IN NET ASSETS	563,838	-	563,838
Net assets - beginning of year	8,402,724	-	8,402,724
Net assets - end of year	$ 8,966,562	$ -	$ 8,966,562

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Supporting Services	
	Health Care Clinic	VEGGI & CDC	Total Program Services	Management and General	Total
Salaries and wages	$ 2,322,366	$ -	$ 2,322,366	$ 302,232	$ 2,624,598
Payroll taxes and related benefits	290,023	-	290,023	34,366	324,389
Total salaries and related expenses	2,612,389	-	2,612,389	336,598	2,948,987
Travel/meetings	35	-	35	31,474	31,509
Operating services	13,500	-	13,500	132,530	146,030
Office supplies	22,000	-	22,000	43,338	65,338
Professional services	20,367	-	20,367	134,228	154,595
Occupancy/utilities	408	-	408	42,745	43,153
Health Clinic					
Pharmaceuticals and lab fees	266,704	-	266,704	-	266,704
Professional medical services and dues	99,903	-	99,903	-	99,903
Medical supplies	243,973	-	243,973	-	243,973
Coding, billing and collection services	163,495	-	163,495	-	163,495
Equipment/maintence	39,907	-	39,907	11,521	51,428
Depreciation	-	-	-	87,161	87,161
Other expenses	-	-	-	2,859	2,859
Total functional expenses	$ 3,482,681	$ -	$ 3,482,681	$ 822,454	$ 4,305,135

See accompanying NOTES TO FINANCIAL STATEMENTS

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services	
	Health Care Clinic	VEGGI & CDC	Total Program Services	Management and General	Total
Salaries and wages	$ 2,073,219	$ 2,460	$ 2,075,679	$ 451,580	$ 2,527,259
Payroll taxes and related benefits	224,827	792	225,619	76,603	302,222
Total salaries and related expenses	2,298,046	3,252	2,301,298	528,183	2,829,481
Travel/meetings	3,000	-	3,000	35,669	38,669
Operating services	45,939	2,751	48,690	93,522	142,212
Office supplies	10,651	23	10,674	35,795	46,469
Professional services	83,355	-	83,355	119,647	203,002
Occupancy/utilities	12,129	1,756	13,885	32,625	46,510
Health Clinic					
Pharmaceuticals and lab fees	67,643	-	67,643	3,349	70,992
Professional medical services and dues	23,113	-	23,113	73,574	96,687
Medical supplies	210,724	-	210,724	15,464	226,188
Coding, billing and collection services	99,143	-	99,143	53,004	152,147
Equipment/maintence	72,072	-	72,072	4,472	76,544
Depreciation	-	-	-	68,958	68,958
Bad debt expense	-	33,375	33,375	-	33,375
Other expenses	-	26,751	26,751	8,900	35,651
Total functional expenses	$ 2,925,815	$ 67,908	$ 2,993,723	$ 1,073,162	$ 4,066,885

See accompanying NOTES TO FINANCIAL STATEMENTS

Exhibit "D"

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:		
Change in net assets	$ (242,382)	$ 563,838
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	87,161	68,958
Bad debt expense	50,737	33,375
Decrease (increase) in:		
Patient accounts receivable	73,108	(53,352)
Grants receivable	13,597	(68,740)
Prepaid expenses	14,142	(26,761)
Increase (decrease) in:		
Accounts payable and accrued liabilities	107,145	(12,744)
Net cash from operating activities	103,508	504,574
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:		
Purchase of certificates of deposit	(2,000,000)	-
Purchases of property and equipment	(137,674)	(8,197)
Net cash (used for) investing activities	(2,137,674)	(8,197)
CASH FLOWS FROM (USED FOR)		
Payments on note payable	(17,108)	(21,839)
Net cash (used for) financing activities	(17,108)	(21,839)
Net (decrease) increase in cash and cash equivalents	(2,051,274)	474,538
Cash and cash equivalents, beginning of year	6,543,583	6,069,045
Cash and cash equivalents, end of year	$ 4,492,309	$ 6,543,583

See accompanying NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

MQVN Community Development Corporation, Inc. (MQVN-CDC) is a non-profit whose mission is to preserve and promote unique diversity and improve the quality of life of residents in Greater New Orleans, beginning in New Orleans East. Projects include environmental justice, workforce development, healthcare, social services, economic development, culture and the arts. MQVN-CDC operates NOELA Community Health Center that provides primary care services to the adult and pediatric populations within New Orleans East community and its surrounding neighborhoods who suffer from limited access to health care. MQVN-CDC operates VEGGI Farmers Cooperative which increases access to local food and promotes sustainable agriculture, which is in process of becoming a separate entity.

Basis of Accounting and Financial Reporting Framework

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly revenues and gains are recognized when earned, and expenses and losses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the board of directors. The revenues received in conducting the mission of the Corporation are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to recognition of amounts expected to be received for patient services as patient service revenue, allocation of functional expenses, and depreciable lives of property, plant, and equipment.

Risk Management

Effective August 13, 2003, The U.S. Department of Health and Human Services deemed the Corporation and its practicing providers covered under the Federal Tort Claims Act (FTCA) for damage for personal injury, including death resulting from the performance of medical, surgical, dental and related functions. FTCA coverage is comparable to an occurrence policy without a monetary cap. U.S. GAAP requires a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Corporation's claim experience, no such accrual has been made. However, because of the risk in providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Certificates of Deposit

The certificates bear interests from 5.15% to 5.27% and have maturities in October of 2024, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material impact on the financial statements.

Patient Accounts Receivable and Patient Service Revenue

Patient service revenue and receivables are reported at the amount that reflects the consideration MQVN-CDC expects to be entitled for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Generally, MQVN-CDC bills the patients and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable and Patient Service Revenue (Continued)

Performance obligations are determined based on the nature of the services provided by MQVN-CDC. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. MQVN-CDC believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. MQVN-CDC measures the performance obligation from the beginning of treatment to the point when it is no longer required to provide services to that patient.

These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

Because its performance obligations relate to contracts with a duration of less than one year, MQVN-CDC has elected to apply the optional exemption provided in FASB ASC 606-10-60-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients no longer require services, which generally occurs within days or weeks of the end of the reporting period.

As provided for under the guidance, MQVN-CDC does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

MQVN-CDC is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to patient service revenue. MQVN-CDC accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for services performed. Based on historical collection trends and other analyses, MQVN-CDC has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

MQVN-CDC has agreements with third-party payers that provide payments to MQVN-CDC at amounts different from charged rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, case rates, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for services rendered.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Accounts Receivable and Patient Service Revenue (Continued)

MQVN-CDC participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. MQVN-CDC is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submissions of annual cost reports by MQVN-CDC and audits thereof by the Medicare/Medicaid fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future.

MQVN-CDC also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to MQVN-CDC under these agreements includes prospectively determined rates per discharge, reimbursed cost, discounts from billed charges, case rates, and daily rates.

MQVN-CDC determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration MQVN-CDC expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductible and coinsurance, which vary in amount. MQVN-CDC estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2024 and 2023.

Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and final settlements are determined.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Management closely monitors outstanding receivable balances and estimates an probable uncollectible amounts through a provision for bad debt expense and adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivables. Management has determined that no valuation allowance was required at June 30, 2024 and 2023.

Patient Accounts Receivables and Credit Policy

Patient accounts receivable are reported at the amount that reflects the consideration to which MQVN-CDC expects to be entitled in exchange for providing patient care services. Patient accounts receivable are recorded in the accompanying statements of financial position net of contractual adjustments and explicit and implicit price concessions, which reflect management's estimate of the transaction price. MQVN-CDC estimates the transaction price based on negotiated contractual agreements, historical experience, and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts (including explicit price concessions), and implicit price concessions, and is recorded through a reduction of gross revenue and a credit to patient accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

MQVN-CDC does not have a policy to charge interest on past due accounts.

Allowance for Contractual Adjustments – Insured Patients

Billings under managed care plans are based primarily on payment terms involving predetermined rates per diagnosis, per diem rates, discounted rates and/or other similar contractual arrangements. These billings are also subject to review and possible audit by the payors, which can take several years before they are completely resolved. The payors are billed for patient services on an individual patient basis. An individual patient's bill is subject to adjustment on a patient-by-patient basis in the ordinary course of business by the payors following their review and adjudication of each particular bill.

MQVN-CDC estimates the discounts for contractual allowances utilizing billing data on an aggregated (portfolio) approach, assessing recent historical collections by payor. MQVN-CDC estimates expected reimbursement for patients of managed care plans based on the applicable contract terms and historical performance.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Contractual Adjustments – Insured Patients (Continued)

Some of the factors that can contribute to changes in the contractual allowance estimates include: (1) changes in reimbursement levels for procedures, supplies and drugs when threshold levels are triggered; (2) changes in reimbursement levels when stop loss or outlier limits are reached; (3) changes in the admission status of a patient due to physician orders subsequent to initial diagnosis or testing; (4) final coding of in house and discharged not final billed patients that change reimbursement levels; (5) secondary benefits determined after primary insurance payments; and (6) reclassification of patients among insurance plans with different coverage and payment levels.

Contractual allowance estimates are periodically reviewed for accuracy by taking into consideration known contract terms, as well as payment history. MQVN-CDC believes its estimation and review process enables it to identify instances on a timely basis where such estimates need to be revised. MQVN-CDC does not believe there were any adjustments to estimates of patient bills that were material to its revenues during the years ended June 30, 2024 and 2023. In addition, MQVN-CDC does not record any general provision for adjustments to estimated contractual allowances for managed care plans. Managed care accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for these payors and other factors that affect the estimation process.

Allowance for Credit Losses – Uninsured Patients

Uninsured patients (also referred to as “self-pay”) are patients who do not qualify for government program payments, such as Medicare and Medicaid, and do not have some form of private insurance and, therefore, are responsible for their own medical bills.

Uninsured accounts receivable, which include amounts due from uninsured patients, as well as co-pays, co-insurance amounts and deductibles owed to MQVN-CDC by patients with insurance, pose significant collectability problems. A significant portion of implicit price concessions relates to self-pay amounts.

Estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient accounts receivable rather than allowance for doubtful accounts.

MQVN-CDC records implicit price concessions, primarily related to uninsured patients and patients with co-pays, co-insurance and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts expected to be collected based on collection history with similar patients. Although outcomes vary, MQVN-CDC’s policy is to attempt to collect amounts due from patients, including co-pays, co-insurance and deductibles due from patients with insurance, at the time of service or afterwards, while complying with all federal and state statutes and regulations, including, but not limited to, the Emergency Medical Treatment and Active Labor Act (“EMTALA”).

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses – Uninsured Patients (Continued)

Generally, as required by EMTALA, patients may not be denied emergency treatment due to inability to pay. Therefore, services, including the legally required medical screening examination and stabilization of the patient, are performed without delaying to obtain insurance information.

To assist uninsured patients, MQVN-CDC offers managed care-style discounts to uninsured patients (explicit price concessions). These discounts offered to uninsured patients are recognized as a contractual allowance, which reduces net operating revenues at the time the uninsured accounts are recorded. The uninsured patient accounts, net of contractual allowances recorded, are further reduced to their net realizable value through implicit price concessions based on historical collection trends for uninsured accounts.

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses (entirely related to uninsured accounts) is management's best estimate of the amount of probable credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in income as received.

Prepaid Expenses

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased and at fair market value when received as a donation. Property and equipment exceeding $5,000 is capitalized. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 40 years. Depreciation expense for the years ended June 30, 2024 and 2023 was $87,161 and $68,958, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Incentive Revenue

MQVN-CDC participates in a shared savings agreement with a third party insurer whereby if MQVN-CDC meets certain quality risk metrics as defined in the agreement, the third party will share with MQVN-CDC a percentage of calculated savings. MQVN-CDC recognizes incentive payments as revenue when it is reasonably assured that the quality risk metrics have been achieved. At June 30, 2024 and 2023, MQVN-CDC recorded incentive revenue of $57,771 and $120,988 as insurance incentives on the statements of activities.

340B Drug Pricing Program

MQVN-CDC participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices.

Charity Care

In the ordinary course of business, MQVN-CDC renders services to patients who are financially unable to pay for medical care. MQVN-CDC provides care to these patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Charity care eligibility is based on limited or no insurance coverage, income compared to published poverty levels and family size, as well as other factors. Because MQVN-CDC does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

MQVN-CDC maintains records to identify and monitor the level of charity care it provides. Charity care is measured based on MQVN-CDC 's estimated direct and indirect costs of providing charity care services. That estimate is made by multiplying the amount of charges forgone by the estimated cost to charge ratio. The cost of charity care provided during the years ended June 30, 2024 and 2023 was estimated as $823,167 and $866,198, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant and Contributions

Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. MQVN-CDC receives funds from the United States Department of Health and Human Services (DHHS) through the Health Resources and Services Administration. In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by MQVN-CDC with the terms of the grants. In addition, if MQVN-CDC terminates the activities of the grants, all unexpended federal funds are to be returned to DHHS. The grant agreement requires MQVN-CDC to provide primary healthcare to all requesting individuals; however, the amount an individual actually pays is based on the individual's personal income.

MQVN-CDC receives grants from other governmental entities as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted either for specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as operating revenues. Amounts restricted to capital acquisition are reported after nonoperating revenue and expenses.

Donated Assets

Donated noncash items are recorded as contributions at their fair value at the date of donation.

Non-Direct Response Advertising

MQVN-CDC expenses advertising costs as incurred. There were no advertising expenses in the years ended June 30, 2024 and 2023.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Healthcare Environment

MQVN-CDC monitors economic conditions closely, both with respect to potential impacts on the healthcare industry and from a more general business perspective. Management recognizes that economic conditions may continue to impact MQVN-CDC in a number of ways, including, but not limited to, uncertainties associated with the United States and state political landscape and rising uninsured patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the ongoing impacts of the federal healthcare reform legislation. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant capital investment in healthcare information technology
- Continuing volatility in state and federal government reimbursement programs
- Effective management of multiple major regulatory mandates, including the previously mentioned audit activity
- Significant potential business model changes throughout the healthcare system, including within the healthcare commercial payer industry.

The business of healthcare in the current economic, legislative, and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on MQVN-CDC's financial position and operating results.

Income Tax Status

MQVN-CDC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the MQVN-CDC's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2024, MQVN-CDC did not have any unrelated business income. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements. The 2021 through 2023 tax years remain subject to examination by the IRS. Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards – Adopted

In June 2016, the FASB issue ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments,* which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Organizations now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques previously applied are still permitted, although the inputs to those techniques changed to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration.

MQVN-CDC applied this guidance beginning July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Date of Management Review

Subsequent events have been evaluated through December 14, 2024, which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available at year end and available to meet cash needs for general expenditures within one year as of June 30, 2024 and 2023 were $6,977,954 and $7,166,670, respectively. No amounts were not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

MQVN-CDC has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet one year of normal operating expenses.
Management believes it has appropriate available financial resources.

(3) PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE

Patient Accounts Receivable

MQVN-CDC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements.

(4) PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE (CONTINUED)

Patient Accounts Receivable (Continued)

The mix of receivables from patients and third-party for the years ended at June 30th was as follows:

	2024	2023
Commercial	$ 40,957	$ 30,344
Medicaid	84,323	145,641
Medicare	34,917	47,673
Private Pay	21,296	30,943
Total patient accounts receivable	$ 181,493	$ 254,601

The mix of receivables from patients and third-party payers for the years ended June 30th was as follows:

	2024	2023
Commercial	23%	12%
Medicaid	46%	57%
Medicare	19%	19%
Private Pay	12%	12%
Total patient accounts receivable	100%	100%

MQVN-CDC recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of estimated contractual rates for the services rendered.

For uninsured patients that do not qualify for the sliding fee program, MQVN-CDC recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of MQVN-CDC's uninsured patients who do not qualify for the sliding fee program will be unable or unwilling to pay for the services provided. Thus, in accordance with ASC 606, MQVN-CDC records only what it expects to collect from these patients in the period the services are provided which is significantly less than what would be collected from an insured patient.

(3) PATIENT ACCOUNTS RECEIVABLE AND PATIENT SERVICE REVENUE (CONTINUED)

Patient Service Revenue

MQVN-CDC is approved as a Federally Qualified Health Center (FQHC) for both Medicare and Medicaid reimbursement purposes. MQVN-CDC has agreements with third-party payers that provide for payments at amounts different from MQVN-CDC's established rates. These payment arrangements are as follows:

Medicare- Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. MQVN-CDC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by MQVN-CDC and audit thereof by the Medicare fiscal intermediary. Services not covered under the FQHC benefit are paid based on established fee schedules.

Medicaid - Covered FQHC services rendered to Medicaid program beneficiaries are paid based on a prospective reimbursement methodology. MQVN-CDC is reimbursed a set encounter rate for all services under the plan. Services not covered under the FQHC benefit are paid based on established fee schedules.

Patient service revenue recognized for the years ended June 30th respectively, as follows:

	2024	2023
Medicaid	$ 1,276,027	$ 1,234,114
Medicare	154,158	172,506
Commercial and other	278,142	349,990
Total patient service revenue	$ 1,708,327	$ 1,756,610

(3) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30th:

	2024	2023
Land	$ 204,858	$ 204,858
Building	2,118,739	2,118,739
Building equipment	100,410	11,142
Medical equipment	428,643	394,096
Office equipment	85,088	82,372
VEGGI equipment	-	21,142
	2,937,738	2,832,349
Less: accumulated depreciation	(960,931)	(906,055)
	$ 1,976,807	$ 1,926,294

Depreciation expense totaled $87,161 and $68,958 for the years ended June 30, 2024 and 2023, respectively.

(5) NOTE PAYABLE

Long-term obligations consisted of a note payable, collateralized by property at 13085 Chef Menteur Highway New Orleans that matured on May 1, 2024. There were monthly payments of $1,206 with a variable interest rate. The interest rate at June 30, 2023 was 7.0%. The balance of the note at June 30, 2023 was $17,108. There was no balance at June 30, 2024.

(6) 340B DRUG PRICING PROGRAM

MQVN-CDC participates in the 340B Drug Pricing Program, which is a US federal government program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices. Revenue from the program was $150,068 for the year ended June 30, 2024. Expenses related to the program was $193,245 year ended June 30, 2024 and is included in pharmaceutical expense as program services on the statements of functional expenses. There were no revenue or expenses related to the program for the year ended June 30, 2023.

(7) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk principally consist of cash and receivables. The Company's policy is to not require receivables to be collateralized.

The Company maintains its cash in bank deposit accounts at a financial institution. The balances at times may exceed federally insured limits. At June 30, 2024 and 2023, there were $3,831,750 and $6,051,430 in excess of amounts covered by the Federal Deposit Insurance Corporation (FDIC) of $250,000. The Company has not experienced any losses in these accounts.

(8) RETIREMENT PLAN

MQVN-CDC maintains a defined contribution retirement plan under IRS Code Section 403(b). MQVN-CDC has the option to make discretionary matching contributions. The Corporation made $25,081 and $25,742 contributions to the plan in the years ended June 30, 2024 and 2023, respectively.

SUPPLEMENTARY INFORMATION

Schedule "1"

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2024

	CEO
	Diem Nguyen
Salary	$ 41,959
Benefits - insurance (health and dental)	3,300
Reimbursements	-
Total compensation, benefits, and other payments	$ 45,259

Only payments for the benefit of the CEO that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that MQVN-CDC receives are included above.

OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITORS' 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 and Management of
MQVN Community Development Corporation, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of MQVN Community Development Corporation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MQVN Community Development Corporation, Inc. internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc. internal control. Accordingly, we do not express an opinion on the effectiveness of the MQVN Community Development Corporation, Inc. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
December 14, 2024

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MQVN Community Development Corporation, Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 14, 2024
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

SINGLE AUDIT SECTION

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

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited MQVN Community Development Corporation, Inc. compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of MQVN Community Development Corporation, Inc. major federal programs for the year ended June 30, 2024. MQVN Community Development Corporation, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, MQVN Community Development Corporation, 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MQVN Community Development Corporation, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of MQVN Community Development Corporation, Inc.'s compliance with the compliance requirements referred to above.

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
December 14, 2024

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to MQVN Community Development Corporation, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MQVN Community Development Corporation, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MQVN Community Development Corporation, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MQVN Community Development Corporation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of MQVN Community Development Corporation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MQVN Community Development Corporation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.
December 14, 2024

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

Report on Internal Control Over Compliance

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

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

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

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

December 14, 2024
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal AL Number	Agency or Pass-through Grantor's Number	Federal Expenditures
U.S. Department of Health and Human Services			
Health Centers Cluster			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for Homeless, and Public Housing Primary Care)			
Health Center Program	93.224	2 H80CS26582-10-00	$ 887,791
Health Center Program	93.224	2 H80CS26582-11-08	518,701
COVID-19: Grants for New and Expanded Services under the Health Center Program			
FY 2023 Bridge Access Program	93.527	H8LCS50548-01-00	25,514
FY 2023 Expanding COVID-19 Vaccination	93.527	H8GCS47765-01-01	27,500
Total Health Centers Cluster			1,459,506
Grants for Capital Development in Health Centers			
Health Center Infrastructure Support	93.526	6 C8ECS43970-01-02	153,615
Pass-through Asian & Pacific Islander American Health Forum:			
Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects			
Engaging AA&NH/PI Communities in Adult Vaccination	93.185	5NH23IP922639-02-00	32,918
Engaging AA&NH/PI Communities in Adult Vaccination	93.185	5NH23IP922639-04-00	3,937
Total Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects			36,855
Pass-through the Board of Supervisors of Louisiana State University of behalf of its LSU Health Sciences Center			
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations			
Cancer Prevention and Control Programs for State	93.898	5 NU58DP007112-03-00	109,943
Total U.S. Department of Health and Human Services			1,759,919
Total Expenditures of Federal Awards			$ 1,759,919

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of MQVN Community Development Corporation, Inc. under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of MQVN Community Development Corporation, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of MQVN Community Development Corporation, Inc.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(3) INDIRECT COST RATE

MQVN Community Development Corporation, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of MQVN Community Development Corporation, Inc.

2. No significant deficiencies or material weaknesses in internal control related to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance was reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs for MQVN Community Development Corporation, Inc. expresses an unmodified opinion on all major federal programs.

6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).

7. A management letter was not issued for the year ended June 30, 2024.

8. The program tested as major programs was Health Center Program Cluster (AL No. 93.224 and AL No.93.527)

9. The threshold for distinguishing Types A and B programs was $750,000.

10. MQVN Community Development Corporation, Inc. was determined to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2024.

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings related to major federal award programs for the year ended June 30, 2024.

MQVN COMMUNITY DEVELOPMENT CORPORATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

I. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2023.

II. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings and questioned costs related to major federal award programs for the year ended June 30, 2023.

III. MANAGEMENT LETTER

There was no management letter for the year ended June 30, 2023.

MQVN COMMUNITY DEVELOPMENT CORP INC

LOUISIANA LEGISLATIVE AUDITOR

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED

JUNE 30, 2024

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management of
MQVN Community Development Corporation, Inc.

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ending June 30, 2024. MQVN Community Development Corporation, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

MQVN Community Development Corporation, 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 SAUPs for the fiscal period ending June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by MQVN Community Development Corporation, 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 SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of MQVN Community Development Corporation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

December 14, 2024
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDING JUNE 30, 2024

WRITTEN POLICIES AND PROCEDURES

1) **Procedure:** Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:

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

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

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

   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

   e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

   f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

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

   i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity’s ethics policy.

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

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Results: No exceptions were found as a result of applying this procedure. Ethics and Prevention of Sexual Harassment are not applicable to MQVN-CDC, as it is a private non-profit.

BOARD OR FINANCE COMMITTEE

2) **Procedure**: Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

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

   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.

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

Results: No exceptions were found as a result of applying the procedure.

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

BANK RECONCILIATIONS

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

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

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

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

   Results: No exceptions were found as a result of applying the procedures

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFERS)

4) **Procedure:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):

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

   a) Employees responsible for cash collections do not share cash drawers/registers.

   b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   c) Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

COLLECTIONS (EXCLUDING ELECTRONIC FUNDS TRANSFER) (CONTINUED)

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

6) **Procedure**: Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

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

a) Observe that receipts are sequentially pre-numbered.

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

c) Trace the deposit slip total to the actual deposit per the bank statement.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedures.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

8) **Procedure**: Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5):

9) **Procedure**: For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

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

10) **Procedure**: For each location selected under procedure #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #9 above, as applicable

11) **Procedure**: Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:

a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and

b) Approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were found as a result of applying this procedure.

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/PURCHASE CARDS (CARDS)

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

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

    a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

14) **Procedure:** Using the monthly statements or combined statements selected under procedure #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by:

    a) an original itemized receipt that identifies precisely what was purchased,

    b) written documentation of the business/public purpose, and

    c) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    Results: No exceptions were found as a result of applying this procedure.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

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

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS) (CONTINUED)

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

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

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

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

Results: No exceptions were found as a result of applying this procedure.

CONTRACTS

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

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

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

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

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

Results: No exceptions were found as a result of applying the procedure.

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

PAYROLL AND PERSONNEL

17) **Procedure:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

18) **Procedure:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;

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

    d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

19) **Procedure:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

20) **Procedure:** Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

    Results: No exceptions were found as a result of applying the procedures.

ETHICS

21) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and

    a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

ETHICS (CONTINUED)

b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

Results: MQVN-CDC is not subject to ethics training requirements as it is a private non-profit.

DEBT SERVICE

23) **Procedure:** Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

24) **Procedure:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: MQVN-CDC does not have debt covenants or debt reserve requirements, nor was any debt issued during the fiscal period.

FRAUD NOTICE

25) **Procedure:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

26) **Procedure:** 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.

Results: No exceptions were found as a result of applying the procedures.

INFORMATION TECHNOLOGY DISASTER RECOVERY/ BUSINESS CONTINUITY

27) **Procedure:** Perform the following procedures:

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

INFORMATION TECHNOLOGY/DISASTER RECOVERY/ BUSINESS CONTINUITY (CONTINUED)

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

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

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

28) **Procedure:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

29) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

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

Results: We performed the procedures and discussed the results with management.

PREVENTION OF SEXUAL HARASSMENT

30) **Procedure:** Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

MQVN COMMUNITY DEVELOPMENT CORP INC
STATEWIDE AGREED-UPON PROCEDURES (CONTINUED)
FOR THE YEAR ENDING JUNE 30, 2024

PREVENTION OF SEXUAL HARASSMENT (CONTINUED)

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

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

Results: MQVN-CDC is not subject to sexual harassment training requirements as it is a private non-profit.