

MAYOR'S HEALTHY CITY INITIATIVE

BATON ROUGE, LOUISIANA

DECEMBER 31, 2023



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Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA



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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Mayor's Healthy City Initiative
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mayor's Healthy City Initiative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Mayor's Healthy City Initiative as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Mayor's Healthy City Initiative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 the Mayor's Healthy City Initiative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mayor's Healthy City Initiative's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency heads 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 June 20, 2025, on our consideration of the Mayor's Healthy City Initiative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mayor's Healthy City Initiative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Mayor's Healthy City Initiative's internal control over financial reporting and compliance.

S. A. Champagne & Co, LLP

Baton Rouge, Louisiana
June 20, 2025

MAYOR'S HEALTHY CITY INITIATIVE
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

CURRENT ASSETS

| | |
|----------------------|----------------|
| Cash | \$ 842,881 |
| Accounts receivable | 75,000 |
| Total current assets | <u>917,881</u> |

PROPERTY AND EQUIPMENT

| | |
|-------------------------------|-----------------|
| Website | 67,951 |
| Less accumulated depreciation | <u>(67,951)</u> |
| | <u>-</u> |

TOTAL ASSETS

\$ 917,881

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|------------------|-------------------|
| Accounts payable | <u>\$ 130,169</u> |
|------------------|-------------------|

NET ASSETS

| | |
|-----------------------------|----------------|
| With donor restrictions | - |
| Without donor restrictions: | <u>787,712</u> |
| Total net assets | <u>787,712</u> |

Total liabilities and net assets

\$ 917,881

See accompanying notes to financial statements

MAYOR'S HEALTHY CITY INITIATIVE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| REVENUES AND OTHER SUPPORT | | | |
| Grants | \$ 1,631,428 | \$ - | \$ 1,631,428 |
| Contributions | 46,982 | - | 46,982 |
| Other | 6,688 | - | 6,688 |
| | <u>1,685,098</u> | <u>-</u> | <u>1,685,098</u> |
| Net assets released from restrictions: | | | |
| Satisfaction of time and purpose restrictions | 29,067 | (29,067) | - |
| | <u>29,067</u> | <u>(29,067)</u> | <u>-</u> |
| EXPENSES | | | |
| Program services | 1,604,331 | - | 1,604,331 |
| Management and general | 114,269 | - | 114,269 |
| Fundraising | - | - | - |
| | <u>1,718,600</u> | <u>-</u> | <u>1,718,600</u> |
| Change in net assets | (4,435) | (29,067) | (33,502) |
| Net assets - beginning of year (as restated) | 792,147 | 29,067 | 821,214 |
| Net assets - end of year | <u>\$ 787,712</u> | <u>\$ -</u> | <u>\$ 787,712</u> |

See accompanying notes to financial statements

MAYOR'S HEALTHY CITY INITIATIVE
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|----------------|
| Change in net assets | \$ (33,502) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | |
| (Increase) decrease in grants receivable | 367,134 |
| Increase (decrease) in accounts payable | 69,899 |
| Net cash provided by (used in) operating activities | <u>403,531</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------|
| Net cash provided by (used in) investing activities | <u>-</u> |
|---|----------|

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---|----------|
| Net cash provided by (used in) financing activities | <u>-</u> |
|---|----------|

| | |
|---------------------------------|---------|
| NET INCREASE (DECREASE) IN CASH | 403,531 |
|---------------------------------|---------|

| | |
|--------------------------|--------------------------|
| Cash - beginning of year | 439,350 |
| Cash - end of year | <u><u>\$ 842,881</u></u> |

See accompanying notes to financial statements

MAYOR'S HEALTHY CITY INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

| | Program Services | Management and General | Fundraising | Total |
|-----------------------|---------------------|---------------------------|-------------|---------------------|
| Administrative fees | \$ - | \$ 3,126 | \$ - | \$ 3,126 |
| Advertising | 13,699 | - | - | 13,699 |
| Community engagement | 10,687 | - | - | 10,687 |
| Contract labor | 369,246 | 4,533 | - | 373,779 |
| Grants awarded | 247,718 | 25,000 | - | 272,718 |
| Meals & entertainment | 23,400 | - | - | 23,400 |
| Miscellaneous | 260 | 408 | - | 668 |
| Professional fess | 688,213 | 39,500 | - | 727,713 |
| Program supplies | 193,397 | 41,673 | - | 235,070 |
| Sponsorships | 47,900 | - | - | 47,900 |
| Travel | 9,811 | 29 | - | 9,840 |
| | <u>\$ 1,604,331</u> | <u>\$ 114,269</u> | <u>\$ -</u> | <u>\$ 1,718,600</u> |

See notes to financial statements.

MAYOR'S HEALTHY CITY INITIATIVE

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Mayor's Healthy City Initiative (the Organization) was formed as a non-profit corporation in May 2010. The mission of the Organization is to identify and coordinate efforts aimed at healthy eating and an active lifestyle into a unifying community commitment to better health. The Organization obtains funding through the City of Baton Rouge and other grants and then awards grants to third parties in order to achieve their goal of a healthier city.

Basis of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions – Net assets to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and pledges for building and equipment not yet placed in service. Also included in this net asset category are net assets subject to donor-imposed restrictions to be maintained permanently by the

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only income be made available for program operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Expenses are recorded as decreases in net assets without restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulations passage of time has elapsed) are reported as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents, include all monies in banks and highly liquid investments with original maturities of less than three months.

Property and equipment

All purchased property and equipment is stated at cost. Expenditure for maintenance, repairs, and minor renewals are expensed as incurred. Major expenditures for renewals and betterments are capitalized. Donated property and equipment are recorded at estimated value at the date of donation.

As a general rule, when items are retired or otherwise disposed, accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income in the year of the disposal.

It is the Organization's policy to capitalize all property, equipment, and furniture purchased with non-grant funds having an acquisition cost of \$5,000 or more. As of December 31, 2023, all assets held by the organization were fully depreciated.

Depreciation

Depreciation is computed on the straight-line method over the estimated useful lives of the various classes of depreciable assets, ranging from three to ten years.

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The Organization periodically reviews these lives relative to physical factors, economic factors, and industry trends.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

If there are changes in the planned use of property equipment or if technological changes occur more rapidly than anticipated, the useful lives assigned to those assets may be shortened, resulting in the recognition of increased depreciation and amortization expenses in future periods.

Revenue recognition

The Organization utilizes the guidance in Accounting Standard Update (“ASU”) 2018-08 in the assessment of whether revenue is an exchange transaction or contribution and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Revenue from government agency contracts is recognized as support with donor restrictions in the period in which the Organization provides the service and reclassified to net assets without donor restrictions when the restriction expires. If the restrictions are met in the same reporting period, they are reported as support without donor restrictions.

Accounts receivable

Accounts receivable represent amounts due from grantor agencies stated at the amount management expects to collect from outstanding balances. Management monitors outstanding balances and writes off all balances deemed uncollectible. The Organization had accounts receivable at year end 2023 of \$75,000 with no accounts deemed uncollectible.

Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$13,699 for the year ended December 31, 2023.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities. The Organization

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

Functional expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses may be attributable to more than one program or supporting function. Therefore, these expenses would require allocation on a reasonable basis that is consistently applied. There were no expenses requiring allocation for the year ended December 31, 2023.

B: CONTRIBUTED SUPPORT

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. During the year ended December 31, 2023, there were no contributed services meeting the requirements for recognition.

C: RELATED PARTY TRANSACTIONS

During the fiscal year ended December 31, 2023, the Organization received one pass-through grants from the City of Baton Rouge totaling \$581,427. The Office of the Mayor-President holds a seat on the Board of the Organization.

D: LIQUIDITY

The Organization had \$917,881 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$842,881 and accounts receivable of \$75,000 for the year ended December 31, 2023. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

E: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in a checking account at commercial bank located in Louisiana. Accounts at this bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Amounts on deposit at various times throughout the year may exceed the federally insured limit. As of December 31, 2023, the Organization had \$592,881 in uninsured cash balances.

F: CONCENTRATION OF REVENUE

The Organization receives a significant portion of its support under government contracts and grants with the federal, state, and local government. A reduction in the amount of support and revenue provided under these contracts and grants, should this occur, could have significant impact on the Organization's ability to carry out its activities and support services at current levels. For the year ended December 31, 2023, the Organization received approximately 97% of its funding through these contracts.

G: COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

H: SUBSEQUENT EVENTS

Subsequent events were evaluated through June 20, 2025 which is the date the financial statements were available to be issued.

I: PRIOR YEAR RESTATEMENT

The Organization had a prior year restatement due to revenues related to a passthrough grant that were not properly accrued in the previous fiscal year. The net effect of recording the revenues in the prior period resulted in a restatement as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total Net Assets |
|--|-------------------------------|----------------------------|---------------------|
| Beginning of year net assets, as previously reported | \$ 716,648 | \$ 29,067 | \$ 745,715 |
| Net effect of properly recording grant receivables | 75,499 | - | 75,499 |
| Net assets, beginning of year as restated | <u>\$ 792,147</u> | <u>\$ 29,067</u> | <u>\$ 821,214</u> |

J: NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of restrictions specified by donors as follows for the year ended December 31, 2023:

| | |
|------------------------------------|-------------------------|
| Purpose restrictions accomplished: | |
| Cox hurricane ida | \$ 13,067 |
| Exxon mobil | <u>16,000</u> |
| Total restrictions released | <u><u>\$ 29,067</u></u> |

SUPPLEMENTAL INFORMATION

**MAYOR'S HEALTHY CITY INITIATIVE
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

Year End December 31, 2023

Agency Head: Hope Hickerson, Executive Director

| Purpose | Amount |
|--|--------|
| Agency head did not receive any compensation, benefits, or other payments from public funds for the year ended December 31, 2023 | |

See auditor's report on supplementary information

Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA



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Practice Section of the American
Institute of CPAs

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

To the Board of Directors of
Mayor's Healthy City Initiative
Baton Rouge, 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 the Mayor's Healthy City Initiative (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-01, 2023-02, and 2023-04 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-03.

Mayor's Healthy City Initiative's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

A handwritten signature in black ink that reads "L.A. Champagne & Co, LLP". The signature is written in a cursive, flowing style.

Baton Rouge, Louisiana
June 20, 2025

**MAYOR’S HEALTHY CITY INITIATIVE
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
Year Ended December 31, 2023

A: SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Mayor’s Healthy City Initiative.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.” There were three material weaknesses reported.
3. There is one instance of noncompliance material to the financial statements disclosed during the audit.
4. A management letter was not issued.

B: FINDINGS – FINANCIAL STATEMENTS AUDIT

INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-01 Inadequate Segregation of Accounting Functions

Criteria: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

Condition: The Organization did not have adequate segregation of duties within the accounting functions.

Cause: Due to the size of the Organization, there are a small number of available personnel.

Effect: The Organization has personnel that are performing more than one related function.

Recommendation: The Organization should establish mitigating controls over functions that are not completely segregated.

Management’s Response: As with many organizations of this type, the staff was very small which can make segregation of duties difficult. In addition, during the audited program year, the Executive Director role was vacant for an extended period of time which presented additional challenges.

MAYOR'S HEALTHY CITY INITIATIVE
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We will work to establish mitigating controls over functions that are not completely segregated.

2023-02 Inadequate Controls Over Financial Reporting

Criteria: The Organization should have control policies to ensure all revenues and expenses are recorded in the proper fiscal year.

Condition: The Organization did not have policies and procedures in place to ensure accruals for revenues that were earned and expenses that were incurred during the fiscal year were recorded on their general ledger.

Cause: The Organization did not have procedures to identify whether all material transactions were recorded in the appropriate fiscal year.

Effect: The Organization had material adjustments for the prior year restatement in order to properly state their financial statements.

Recommendation: The Organization should establish policies and procedures to review subsequent transactions to determine the appropriate fiscal year earned or incurred and make the necessary adjustments to the general ledger.

Management's Response: The role of our external accountants has been expanded to offer additional assistance and management will work to establish policies and procedures to ensure appropriate adjustments are made to the general ledger.

2023-04 Accounting Records

Criteria: The Organization should have policies and procedures in place to ensure all supporting documents are maintained with cash receipts, cash disbursements, and fully executed contracts.

Condition: The Organization did not have policies and procedures in place to ensure accounting records are maintained to support transactions that occurred during the fiscal year.

Cause: The Organization's accounting records do not appear to be organized in a central location with all relevant documents to support transactions during the fiscal year.

MAYOR'S HEALTHY CITY INITIATIVE
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Effect: The Organization could not provide supporting documents for selected transactions.

Recommendation: The Organization should establish policies and procedures to ensure appropriate supporting documentation is obtained and maintained for all transactions during the fiscal year. Supporting documentation should be stored in a central location and organized in a manner that would be efficient to locate support for specific transactions.

Management's Response: Management will ensure appropriate supporting documentation is obtained and maintained for all transactions during the fiscal year. Supporting documentation should be stored in a central location and organized in a manner that would be efficient to locate support for specific transactions.

COMPLIANCE

2023-03 Failure to File Audited Financial Statements

Timely Criteria: In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Condition: The annual audited financial statements were not filed timely for fiscal year ended December 31, 2023.

Cause: The Organization's management did not take appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

Effect: The Organization did not comply with Louisiana Revised Statute 24:513.

Recommendation: The Organization should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

Management's Response: Management will take appropriate actions to ensure their annual financial statement audits are submitted timely.

**MAYOR’S HEALTHY CITY INITIATIVE
SUMMARY SCHEDULE OF
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
*Year Ended December 31, 2023***

INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 Inadequate Segregation of Accounting Functions

Status: Repeated in current year findings as item 2023-01.

2022-002 Inadequate Controls Over Financial Reporting

Status: Repeated in current year findings as item 2023-02.

2022-003 Contracts for Services

The Organization did not have policies and procedures in place to document the value of certain support contracts by including an estimated number of hours in order to determine if the hourly rate was reasonable. The Organization didn’t have controls in place to ensure relevant supporting documentation in order to determine the progress of the services and/or reasonableness of the invoice was obtained prior to remitting payment.

Managements response: Management will establish policies and procedures to review service contracts prior to payment to determine if applicable supporting documentation is presented with the invoice in order to substantiate services performed.

Management’s update on response: Management has established policies and procedures to review service contracts prior to payment and ensure applicable supporting documentation is presented with the invoice in order to substantiate services performed.

2022-004 Accounting Records

Status: Repeated in current year findings as item 2023-04.

**MAYOR'S HEALTHY CITY INITIATIVE
SUMMARY SCHEDULE OF
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
*Year Ended December 31, 2023***

COMPLIANCE FINDINGS

2022-005 Contracts for Services

Status: See finding 2022-003.

2022-006 Failure to File Audited Financial Statements Timely

Status: Repeated in current year findings as item 2023-03.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

COMPLIANCE FINDINGS

Department of Housing and Urban Development

2022-007 Compliance with Allowable Costs

A sample of 30 disbursement transactions was selected for testing from a population of 125 transactions. The test found the following: 20 transactions totaling \$205,617 for service contracts that the organization did not obtain and maintain written price and/or rate quotations from an adequate number of qualified sources when the contract ranged between \$10,000 - \$250,000; 2 transactions totaling \$5,049 appeared to be sponsorships/donations; 2 transactions totaling \$27,083 were duplicated in another reimbursement request; 1 transaction in the amount of \$11,220 for an event had multiple line items identified on the invoice without sufficient cost detail on each to determine if the amounts were reasonable and necessary; 1 transaction totaling \$5,000 didn't have sufficient detail on the invoice to determine if the activity was allowable and if the amounts were reasonable and necessary; 1 transaction totaling \$4,910 for 11 hotel rooms to a conference had no supporting documentation justifying the allowability of the conference or justification for the community roles for each attendee; and 1 reimbursement for a contract payment did not have support for \$5,294. The total questioned costs amounted to \$264,173. The sample was nonstatistical.

MAYOR'S HEALTHY CITY INITIATIVE
SUMMARY SCHEDULE OF
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Managements response: The Mayor's Healthy City Initiative grew rapidly as the need for services provided by the organization were in high demand. The group worked to meet the needs of the community and simultaneously create an infrastructure to support the growing demand. While all disbursements made related to appropriate initiatives and programs, instances did occur in which the vendor was unable to provide the specific documentation required by the grant in the required timeframe. The Mayor's Healthy City Initiative team coordinated with the City of Baton Rouge's Office of Community Development to ensure that disbursements were appropriate and, in some instances, relied on their approval for payment. As with many organizations of this type, the staff was very small. In addition, during the audited program year the Executive Director role was vacant for an extended period of time which presented additional challenges. The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We are continuing to work to establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.

Management's update on response: The organization has established internal controls that ensure compliance with federal award regulations, statutes and terms and conditions of each grant. The role of our external accountants has also been expanded to offer additional assistance.

2022-008 Compliance with Reporting

Monthly and quarterly progress reports as well as monthly requests for reimbursement are a requirement of the grant. The Organization was unable to provide documentation that any monthly or quarterly accomplishments and progress reports were submitted to the grantor for the year under audit. The requests for reimbursement were filed, however; they were not filed on a monthly basis as stipulated in the grant agreement. The first request covered 10 months, the second request covered 6 months and the third and fourth requests were for the same one-month period.

Managements response: As stated in the condition above the reports were all filed but not in accordance with the required timeframes. Management will work to ensure that reports are filed as required by the grant even when no activity for the related period occurs.

MAYOR'S HEALTHY CITY INITIATIVE
SUMMARY SCHEDULE OF
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Management's update on response: Management continues to work to ensure that reports are filed as required by the grant even when no activity for the related period occurs. The organization has reached the end of the reporting period for all grants and is not currently competing for new funding.

U.S. Department of Health and Human Services

2022-009 Compliance with Allowable Costs

The Organization was unable to provide documentation to support that the salaries requested under this grant were incurred by the Organization. In addition, based on the financial records of the Organization, no salaries were paid for the 2022 fiscal year, which included the time period of request. The Organization had \$61,092 of unsupported salaries and related indirect costs, which is considered questioned costs.

Managements response: The audited period was a time of rapid growth and transition for the Mayor's Healthy City Initiative. The staff was very small and the Executive Director role was vacant for an extended period of time. The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. Management is working to ensure that the individuals working on administering federal programs are properly trained on the requirements of the Uniform Guidance.

Management's update on response: Management has established policies to ensure that the individuals working on administering future federal programs are properly trained on the requirements of the Uniform Guidance. The Mayor's Healthy City Initiative has expended all state and federal funds and is currently not competing for additional grants.

2022-010 Compliance with Allowable Costs

The organization did not obtain and maintain written price and/or rate quotations from an adequate number of qualified sources for a professional service contract that ranged between \$10,000 - \$250,000. The organization paid \$250,000 on the services contract during the fiscal year. Additionally, 3 transactions totaling \$12,952 requested for reimbursement under this grant were previously requested for reimbursement on a CDBG-CV grant. The total questioned costs amounted to \$262,952.

MAYOR'S HEALTHY CITY INITIATIVE
SUMMARY SCHEDULE OF
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Managements response: While the team working with the Mayor's Healthy City Initiative believes the amounts paid to all vendors for services rendered were reasonable based on comparison market data we understand the need to obtain and maintain the required number of written quotations and will work to establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.

Management's update on response: The Mayor's Healthy City initiative has established appropriate policy and internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.

Internal Control Findings

U.S. Department of Housing and Urban Development

2022-011 Compliance with Allowable Costs

Status: See compliance finding 2022-007.

2022-012 Compliance with Reporting

Status: See compliance finding 2022-008.

U. S. Department of Health and Human Services

2022-013 Compliance with Allowable Costs

Status: See compliance finding 2022-009.

U. S. Department of Treasury

2022-014 Compliance with Allowable Costs

Status: See compliance finding 2022-010.



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mayor's Healthy City Initiative,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (Saps) for the fiscal period January 1, 2023, through December 31, 2023. The Mayor's Healthy City Initiative's (Organization) management is responsible for those C/C areas identified in the Saps.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's Saps for the fiscal period January 1, 2023, through December 31, 2023. 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 as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were found as a result of this procedure.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were found as a result of this procedure.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of this procedure.

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- Results: No exceptions were found as a result of this procedure.*
- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- Results: No exceptions were found as a result of this procedure.*
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- Results: No exceptions were found as a result of this procedure.*
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- Results: No exceptions were found as a result of this procedure.*
- viii. ***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).
- Results: No exceptions were found as a result of this procedure.*
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- Results: Not applicable as entity is a nonprofit organization.*
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- Results: Not applicable as entity is a nonprofit organization.*

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

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

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

Results: Not applicable as entity is a nonprofit organization.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

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

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

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *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.*

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

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: Not applicable as entity is a nonprofit organization.

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

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

3) Bank Reconciliations

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

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

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

- ii. Bank reconciliations include written evidence that a member of management or a 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

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

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

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

4) Collections (excluding electronic funds transfers)

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

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

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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

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

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

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

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

- iii. 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

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

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

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

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

Results: There was no bond or insurance policy for theft in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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:

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

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

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

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

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

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

- iv. 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).

Results: There was one deposit made 11 business days after receipt.

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

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

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

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

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

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

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

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

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

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

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

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

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

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

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

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

- i. Observe whether the disbursement, 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
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Results: No exceptions were found as a result of this procedure.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
Results: No exceptions were found as a result of this procedure.

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

- A. 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.
Results: No exceptions were found as a result of this procedure.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (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
Results: No evidence provided that the credit card statement was reviewed and approved.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
Results: No exceptions were found as a result of this procedure.

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

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements 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

- i. 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);

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

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

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

- iii. 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 #1A(vii); and

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

- iv. 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 this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *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
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Results: One contract provided was not approved by the governing body/board.
 - iii. 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
Results: No exceptions were found as a result of this procedure.
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
Results: No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Results: No exceptions were found as a result of this procedure.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
Results: No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Results: No exceptions were found as a result of this procedure.
- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
Results: No exceptions were found as a result of this procedure.
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Results: No exceptions were found as a result of this procedure.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials 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.
Results: No exceptions were found as a result of this procedure.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Results: No exceptions were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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
Results: Not applicable as the agency is a nonprofit organization.
 - 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.
Results: Not applicable as the agency is a nonprofit organization.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
Results: Not applicable as the agency is a nonprofit organization.

11) Debt Service

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

Results: Not applicable as the agency is a nonprofit organization.

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

Results: Not applicable as the agency is a nonprofit organization.

12) Fraud Notice

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

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

- B. 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 this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- 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 (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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.

Results: Not applicable as the agency a nonprofit organization.

- B. 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).

Results: Not applicable as the agency is a nonprofit organization.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;

Results: Not applicable as the agency is a nonprofit organization.

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

Results: Not applicable as the agency is a nonprofit organization.

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

Results: Not applicable as the agency is a nonprofit organization.

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

Results: Not applicable as the agency is a nonprofit organization.

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

Results: Not applicable as the agency is a nonprofit organization.

We were engaged by the Mayor's Healthy City Initiative 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 the Mayor's Healthy City Initiative 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.

L. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 20, 2025

MAYOR'S HEALTHY CITY INITIATIVE

Baton Rouge, Louisiana

Management's Response to Statewide Agreed-Upon Procedures

For the Year Ended December 31, 2023

4(C) Bond or insurance policy for theft

Management will acquire an insurance policy for theft.

4(D)iv Bank deposits

Procedures and protocols will be developed so that all cash receipts will be deposited within one business day of receipt.

6(B)i Credit Card statement review

Procedures and protocols will be developed for documenting managements review of all credit card statements.

8(A)ii Contracts

Procedures and protocols will be developed for documenting managements review and approval of all contracts.