

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.

MER ROUGE, LOUISIANA

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FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
FOR THE YEAR ENDED  
MARCH 31, 2025

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MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
MARCH 31, 2025

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Morehouse Community Improvement Organization, Inc.  
Bastrop, Louisiana

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Morehouse Community Improvement Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, and related statement of activities, statement of 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 Morehouse Community Improvement Organization, Inc. as of March 31, 2025, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Morehouse Community Improvement Organization, Inc. and to meet our 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.

## **Responsibility 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 Morehouse Community Improvement Organization, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 auditors' 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 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 Morehouse Community Improvement Organization, 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 the Morehouse Community Improvement Organization, 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.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Statement of Expenditures - Budget and Actual, and the schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025 on our consideration of Morehouse Community Improvement Organization, 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 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 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 Morehouse Community Improvement Organization, Inc.'s internal control over financial reporting and compliance.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated August 29, 2025, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Johnson Perry Roussel & Cuthbert, LLP*

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
August 29, 2025

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2025

<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash in Bank	161,232
Accounts Receivable - Grants	60,303
Contributions Receivable - Restricted	<u>648,000</u>
<u>TOTAL CURRENT ASSETS</u>	<u>869,535</u>
<u>FIXED ASSETS</u>	
Furniture and Equipment (Net of Accumulated Depreciation)	<u>291,032</u>
<u>TOTAL FIXED ASSETS</u>	<u>291,032</u>
<u>OTHER ASSETS</u>	
Contributions Receivable - Restricted (Non-Current)	162,000
Right of Use Asset - Operating Leases	<u>17,444</u>
<u>TOTAL OTHER ASSETS</u>	<u>179,444</u>
<u>TOTAL ASSETS</u>	<u>1,340,011</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable and Accrued Expenses	90,833
Deferred Revenue	42,924
Operating Lease Liability - Current	<u>17,444</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>151,201</u>
<u>LONG-TERM LIABILITIES</u>	
Operating Lease Liability - Noncurrent	<u>-0-</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>-0-</u>
<u>TOTAL LIABILITIES</u>	<u>151,201</u>
<u>NET ASSETS</u>	
Net Assets Without Donor Restrictions	
Operations	87,778
Fixed Assets	291,032
Net Assets With Donor Restrictions	<u>810,000</u>
<u>TOTAL NET ASSETS</u>	<u>1,188,810</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>1,340,011</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2025

	Without Donor Restrictions	Fixed Assets	With Donor Restrictions	Total
<u>Operations</u>				
<u>UNRESTRICTED</u>				
<u>SUPPORT AND REVENUE</u>				
Grants - HHS	3,027,312	-	-	3,027,312
Grants - USDA Food Program	304,868	-	-	304,868
Donations	244,108	-	306,000	550,108
Fund-Raising	8,327	-	-	8,327
Interest	1,241	-	-	1,241
Other Revenue	8,151	-	-	8,151
Reclassifications	468,000	-	(468,000)	-0-
<u>TOTAL SUPPORT AND REVENUE</u>	<u>4,062,007</u>	<u>-0-</u>	<u>(162,000)</u>	<u>3,900,007</u>
<u>EXPENSES</u>				
Program Services:				
Head Start (HHS)	3,453,176	58,983	-	3,512,159
USDA - Food Services	308,368	1,466	-	309,834
Youth Education	9,293	-	-	9,293
<u>TOTAL PROGRAM SERVICES</u>	<u>3,770,837</u>	<u>60,449</u>	<u>-0-</u>	<u>3,831,286</u>
<u>SUPPORT SERVICES</u>				
General and Administrative	296,114	4,739	-	300,853
<u>TOTAL SUPPORT SERVICES</u>	<u>296,114</u>	<u>4,739</u>	<u>-0-</u>	<u>300,853</u>
<u>FUND-RAISING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
<u>TOTAL FUND-RAISING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>TOTAL EXPENSES</u>	<u>4,066,951</u>	<u>65,188</u>	<u>-0-</u>	<u>4,132,139</u>
<u>INCREASE (DECREASE) IN NET</u>				
<u>ASSETS</u>	( 4,944)	( 65,188)	(162,000)	( 232,132)
<u>CHANGES IN NET ASSETS</u>				
Acquisition of Property	( 8,015)	8,015	-	-0-
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>100,737</u>	<u>348,205</u>	<u>972,000</u>	<u>1,420,942</u>
<u>NET ASSETS - END OF YEAR</u>	<u>87,778</u>	<u>291,032</u>	<u>810,000</u>	<u>1,188,810</u>

See Independent Auditors Report and accompanying notes.



MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2025

	HEAD <u>START</u>	CHILD CARE FOOD <u>PROGRAM</u>	YOUTH <u>EDUCATION</u>	TOTAL PROGRAM <u>SERVICES</u>
Salaries	1,761,253	149,048	-	1,910,301
Fringes	<u>396,945</u>	<u>12,434</u>	<u>-</u>	<u>409,379</u>
<u>TOTAL PERSONNEL</u>	<u>2,158,198</u>	<u>161,482</u>	<u>-0-</u>	<u>2,319,680</u>
Travel	92,495	144	-	92,639
Supplies	51,686	10,414	-	62,100
Food	43,748	120,508	-	164,256
Contractual	89,656	-	-	89,656
Donations	-	-	9,293	9,293
Other Costs	<u>1,017,393</u>	<u>15,820</u>	<u>-</u>	<u>1,033,213</u>
<u>TOTAL EXPENSES</u>				
<u>BEFORE DEPRECIATION</u>	3,453,176	308,368	9,293	3,770,837
<u>DEPRECIATION</u>	<u>58,983</u>	<u>1,466</u>	<u>-</u>	<u>60,449</u>
<u>TOTAL EXPENSES</u>	<u>3,512,159</u>	<u>309,834</u>	<u>9,293</u>	<u>3,831,286</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2025

	<u>GENERAL AND ADMINISTRATIVE</u>	<u>TOTAL EXPENSES</u>
Salaries	160,202	2,070,503
Fringes	<u>43,761</u>	<u>453,140</u>
<u>TOTAL PERSONNEL</u>	<u>203,963</u>	<u>2,523,643</u>
Travel	425	93,064
Supplies	20,000	82,100
Food	-	164,256
Contractual	11,000	100,656
Donations	-	9,293
Other Costs	<u>60,726</u>	<u>1,093,939</u>
<u>TOTAL EXPENSES BEFORE DEPRECIATION</u>	296,114	4,066,951
<u>DEPRECIATION</u>	<u>4,739</u>	<u>65,188</u>
<u>TOTAL EXPENSES</u>	<u>300,853</u>	<u>4,132,139</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2025

CASH FLOWS USED FOR OPERATING ACTIVITIES:

Change in Net Assets	(232,132)
Adjustments to Reconcile Changes in Net Assets To Net Cash Used for Operating Activities:	
Depreciation	65,188
(Increase) Decrease in Accounts Receivable - Grants	267,217
(Increase) Decrease in Contributions Receivable - Restricted	162,000
(Increase) Decrease in ROU Asset	27,278
Increase (Decrease) in Accounts Payable and Accrued Expenses	(204,182)
Increase (Decrease) in Deferred Revenue	42,924
Increase (Decrease) in Operating Lease Liability	( 27,278)
Net Cash Provided (Used) for Operating Activities	101,015

CASH FLOWS USED FOR INVESTING ACTIVITIES:

Purchase of Fixed Assets	( 8,015)
Net Cash Provided (Used) for Investing Activities	( 8,015)

<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>93,000</u>
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<u>CASH AND CASH EQUIVALENTS - MARCH 31, 2024</u>	<u>68,232</u>
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<u>CASH AND CASH EQUIVALENTS - MARCH 31, 2025</u>	<u>161,232</u>
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SUPPLEMENTAL DATA

Interest Paid	-0-
Income Taxes Paid	-0-

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Method of Presentation

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America for not-for-profit organizations.

B. Organization

Morehouse Community Improvement Organization, Inc. was organized to promote and develop economic opportunities for the people of Morehouse and West Carroll parishes. The Organization is operated exclusively for charitable, educational, and scientific purposes. The main operation is a Head Start program. The Organization is not a component unit of any other governmental organization.

C. Estimates

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

D. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

E. Fixed Assets

Fixed assets acquired by the Organization are considered to be owned by the Organization. However, State and Federal funding sources maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State and Federal governments have a reversionary interest in those assets purchased with its funds.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Fixed Assets (Continued)

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the estimated service lives of the assets.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The following yearly lives have been assigned to the fixed assets:

Computer Equipment and Vehicles	5
Furniture, Fixtures and Equipment	7
Improvements	10
Buildings	39

Net values are computed as follows:

Computer Equipment and Vehicles	321,199
Furniture, Fixtures and Equipment	65,420
Improvements	358,785
Buildings	<u>128,167</u>
Total	873,571
Less: Accumulated Depreciation	<u>(582,539)</u>
<u>NET VALUE</u>	<u>291,032</u>

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restriction that increases that net asset class. When a temporary restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the same year in which the contributions are recognized.

G. Functional Allocation of Expenses

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

H. Cash in Bank

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation. The Organization had \$-0- in the bank that was not insured by an agency of the federal government.

I. Related Party Transactions

There were no related party transactions for the year ended March 31, 2025.

J. Advertising Costs

Advertising costs are expensed as they are incurred. Advertising expenses for the year ended March 31, 2025 were \$-0-.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

K. Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

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 organization. These net assets may be used at the discretion of the organization and the board of directors.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

L. Leases

The Organization is a lessee in an operating lease. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

L. Leases(Continued)

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) and prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

ROU assets for finance leases are amortized on a straight-line bases over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line bases.

The Organization has elected to use the practical expedient to not separate lease and non-lease components for real estate leases.

The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

Right-of-use assets and liabilities as of March 31, 2025, are presented as separate line items on the Organization's balance sheet.



MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS:

The Organization receives its monies through various methods of funding. Most of the funds are received on a grant basis from federal, state and local sources. Under this method funds are received as needed or on a monthly or quarterly allocation of the total budget (grant) in advance of the actual expenditure. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method. The Organization also receives funds by contributions from both public and private sources.

The accounting and reporting of grants is determined by the underlying substance of the transaction. A grant may be accounted for as contribution, an exchange transaction, or a combination of the two. If it is determined to be a contribution, a grant may be considered a conditional or an unconditional grant.

Grants received for the period April 1, 2024 to March 31, 2025 are as follows:

<u>Funding Source</u>	<u>Revenue Recognized</u>
Federal	
Department of Health and Human Services (Excludes Interest Earned on Grant Funds)	
Head Start	3,027,312
Louisiana	
Department of Education	304,868

The grants are accounted for as contributions and are considered conditional based on the terms of the grant agreement.

The loss of either of these funding sources could have a negative effect on the Organization. The Head Start program is considered a major program.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 2 - FUNDING POLICIES AND SOURCES OF FUNDS: (Continued)

The Organization operates the following programs:

Head Start Program - provides comprehensive early childhood development for disadvantaged pre-school children and their families.

USDA - Child and Adult Care Food Program - provides a food service program in coordination with the Head Start Program.

Youth Education - provides funding for various youth education activities.

NOTE 3 - GRANTS RECEIVABLE:

Grants receivable at March 31, 2025, consists of reimbursements for expenses incurred under the various grant programs. The following list presents grants receivable by fund at March 31, 2025:

Department of Education	60,303
Department of Health and Human Services	<u>-0-</u>
<u>TOTAL</u>	<u>60,303</u>

Management has determined that the receivable for credit loss is not material. Uncollectible amounts for other promises to give are also expected to be insignificant. Receivables are written off when management deems them not collectible.

NOTE 4 - BOARD OF DIRECTORS' COMPENSATION:

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 - CONTRIBUTED NONFINANCIAL ASSETS:

The Organization received various non-cash contributions for the Head Start Program during the year from private and public sources. Contributions for occupancy costs totaled \$426,000, for professional services totaled \$104,108, and for supplies totaled \$-0-, and have been reported as

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 5 - CONTRIBUTED NONFINANCIAL ASSETS: (Continued)

revenues, as these costs meet the criteria for the recognition as contributions, and the offsetting expenses have been reported in the financial statements. The Organization also received donated services from volunteers which have not been recognized as revenue in the basic financial statements as these costs do not meet the criteria for recognition as contributions.

Donated services are recognized as contributions in accordance with professional standards (FASB ASC 958-605-25-16), if the services create or enhance a non-financial asset or require specialized skills, are provided by entities or persons possessing those skills and would need to be purchased if they were not donated.

Donated facilities are recognized as contributions in accordance with professional standards (FASB ASC 958-605-52-24) as the organization receives free use of some facilities.

Donated supplies are valued based upon estimates of fair market values that would be received for purchasing similar goods in their principal market considering their condition. All contributed supplies were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated items.

NOTE 6 - INCOME TAX STATUS:

The Organization, a non-profit corporation, is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

NOTE 7 - ACCRUED LEAVE:

Management has determined that the liability for accrued leave, if any, is not material.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 8 - NONCOMPLIANCE FINDINGS AND QUESTIONED COSTS:

The Organization receives funding/grants from various government agencies and such funding is subject to certain requirements and conditions. Any items listed in the schedule of findings and questioned costs will be reviewed by the appropriate funding agency and a final resolution of the questioned costs will be made by such agency.

NOTE 9 - RETIREMENT:

The Organization does not maintain a retirement plan outside of social security for its employees.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions include donations for leased space of \$810,000, which are restricted for use in future periods.

NOTE 11 - LEASES:

The Organization has an annual lease with the Oak Grove Recreation Department that calls for payments in the amount of \$700 per month for use of facilities and is renewable annually.

On October 1, 2021, the Organization entered into an annual lease with Brian Moore Realty, that calls for payments in the amount of \$2,400 per month for the use of facilities. This lease is for a term of 4 years. The Organization uses the implicit rate of the lease to calculate the right-of-use asset.

Future minimum lease payments to Brian Moore Realty:

<u>Year Ended March 31</u>	<u>Amount</u>
2026	28,800
2027	14,400
2028	-
2029	-
2030	-

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 11 - LEASES: (Continued)

On August 25, 2016, the Organization entered into a lease agreement with the Morehouse Parish School Board. The lease is for a term of ten years and requires an annual payment of \$100, which is well below fair market value and making the leased space substantially donated, and therefore does not meet the requirements of a contract by ASC 842. The lease may be renewed only upon approval of the Morehouse Parish School Board.

Future minimum lease payments to Morehouse Parish School Board:

<u>Year Ended March 31</u>	<u>Amount</u>
2026	100
2027	-
2028	-
2029	-
2030	-

The Organization has an agreement with Ross Bus and Equipment to lease 3 buses. The lease is for a one-year period beginning on July 1, 2020 and is renewable annually. The lease calls for monthly payments in the amount of \$95 per bus per school day.

Future minimum lease payments for Ross Buss and Equipment:

<u>Year Ended March 31</u>	<u>Amount</u>
2025	8,550

Operating lease expense paid by the Organization during the year ended March 31, 2025 was \$63,120.

Donated Facilities:

The Organization has a 10-year lease with the Morehouse Parish School Board which expires on June 30, 2026. The cost of this lease is donated to the Organization by the Morehouse Parish School Board and, therefore does not meet the requirements of a contract by ASC 842.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 12 - SUBSEQUENT EVENTS:

Management has evaluated the activity of the Organization through August 29, 2025, the date the report was available for issue, and concluded that no additional subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 13 - UNCERTAIN TAX POSITIONS:

The Organization is subject to examination by various taxing authorities, including federal income tax examinations. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2024, 2023, 2022, and 2021 are open for examination by various taxing authorities.

NOTE 14 - BUDGET POLICY:

Budgets for the various programs are prepared by the Organization's Executive Director and approved by grantor of the funds for each respective program. Budgets versus actual expenditures are presented in the supplementary data for each grant period ending during the year ended March 31, 2025.

NOTE 15 - FUND-RAISING:

During the year, the Organization participated in a Bingo fund-raiser. The details of the fund-raising activities are as follows:

Gross Fund-Raising Revenue	142,658
Less: Cost of Direct Benefit to Participant	<u>134,331</u>
<u>Net Profit</u>	<u>8,327</u>

Other fund-raising expenses were not material.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2025

NOTE 16 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization's financial assets as of the statement of financial position date of March 31, 2025, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial Assets at March 31, 2025	1,031,535
------------------------------------	-----------

Less those unavailable for general expenditure  
within one year, due to:

Donor-Restricted for Future Periods	<u>810,000</u>
-------------------------------------	----------------

Financial assets availability to meet cash	
Needs for general expenditure, within one year	<u><u>221,535</u></u>

In addition to financial assets available to meet general expenditures over the year, MCIO anticipates covering its general expenditures using the income generated from contractual agreements with governmental agencies.

NOTE 17 CONTRIBUTIONS RECEIVABLE

Contributions Receivable relate to the free use of facilities and are to be received in future years as follows:

<u>Year Ended March 31</u>	<u>Amount</u>
2026	648,000
2027	162,000
2028	-0-
2029	-0-
2030	-0-

SUPPLEMENTARY FINANCIAL INFORMATION



MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL  
FOR THE PERIODS ENDED DURING FISCAL YEAR MARCH 31, 2025

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	Budgeted Over (Under) Actual <u>Expenditures</u>
<u>HEAD START (Award #06CH011582)</u>			
<u>4/01/24 to 3/31/25</u>			
Personnel	1,964,363	1,920,023	44,340
Fringe Benefits	442,780	440,706	2,074
Travel	8,500	92,920	( 84,420)
Contractual	90,027	95,711	( 5,684)
Operating Supplies	72,500	71,516	984
Other Costs	449,142	406,436	42,706
Capital Outlay	-	-	-
In-Kind Contributions	<u>756,828</u>	<u>756,828</u>	<u>-</u>
 <u>TOTALS</u>	 <u>3,784,140</u>	 <u>3,784,140</u>	 <u>-0-</u>

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO  
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
FOR THE PERIOD ENDED DURING FISCAL YEAR MARCH 31, 2025

AGENCY HEAD NAME/TITLE: ETHEL ROBINSON, EXECUTIVE DIRECTOR

<u>Purpose</u>	<u>Amount Paid with State Funds</u>
Salary	-0-
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Benefits-other (describe)	-0-
Car allowance	-0-
Vehicle provided by government (enter amount reported on W-2)	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration Fees	-0-
Conference travel	-0-
Housing	-0-
Unvouchered expenses (example: travel advances, etc.)	-0-
Special meals	-0-
Other - Training	-0-

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2025

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements/ Expenditures</u>
Department of Agriculture State of Louisiana/ Department of Education Child Care Food Program FYE March 31, 2025	10.558	N/A	<u>304,868</u>
<u>Total Child Care Food Program</u>			<u>304,868</u>
Department of Health and Human Services Head Start Cluster * Head Start	93.600	06CH011582-03-02	<u>3,027,312</u>
<u>Total Head Start Program</u>			<u>3,027,312</u>
<u>Total Expenditures of Federal Awards</u>			<u>3,332,180</u>

\* Major Federal Program

See accompanying Notes to Schedule of Expenditures of Federal Awards

See Independent Auditors Report and accompanying notes.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2025

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2025

NOTE A-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Morehouse Community Improvement Organization, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Morehouse Community Improvement Organization, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morehouse Community Improvement Organization, Inc.

NOTE B-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Morehouse Community Improvement Organization, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Morehouse Community Improvement Organization, Inc. did not provide federal awards to subrecipients.

See Independent Auditors Report and accompanying notes.

COMPLIANCE REPORTS

# JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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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

Board of Directors  
Morehouse Community Improvement Organization, Inc.  
Bastrop, 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 Morehouse Community Improvement Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2025, 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 August 29, 2025.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Morehouse Community Improvement Organization, Inc.'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 Morehouse Community Improvement Organization, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether Morehouse Community Improvement Organization, Inc.'s financial statements are free of 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 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 result 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.

*Johnson Perry Roussel & Cuthbert, LLP*

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
August 29, 2025

# JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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

Board of Directors  
Morehouse Community Improvement Organization, Inc.  
Bastrop, Louisiana

### Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited Morehouse Community Improvement Organization, Inc.'s 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 Morehouse Community Improvement Organization, Inc.'s major federal programs for the year ended March 31, 2025. Morehouse Community Improvement Organization, 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, Morehouse Community Improvement Organization, 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 March 31, 2025.

### 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Morehouse Community Improvement Organization, 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 Morehouse Community Improvement Organization, Inc.'s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Morehouse Community Improvement Organization, 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 Morehouse Community Improvement Organization, 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, misrepresentation, 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 Morehouse Community Improvement Organization, 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 Morehouse Community Improvement Organization, 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 Morehouse Community Improvement Organization, 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 Morehouse Community Improvement Organization, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in Auditors' 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 those 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 have not been 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.

*Johnson Perry Roussel & Cuthbert, LLP*

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
August 29, 2025

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MARCH 31, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Morehouse Community Improvement Organization, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. There were no instances of noncompliance material to the financial statements of Morehouse Community Improvement Organization, Inc.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Morehouse Community Improvement Organization, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were: Department of Health and Human Services - Head Start Cluster, CFDA No. 93.600.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Morehouse Community Improvement Organization, Inc. was determined to be a low-risk auditee.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

There were no financial statement findings or questioned costs for the year ended March 31, 2025.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2025

SECTION III - FINDINGS - FEDERAL AWARD PROGRAMS

There were no Federal Award Programs findings for the year ended March 31, 2025.

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.

P.O. BOX 1154  
BASTROP, LOUISIANA 71221

CORRECTIVE ACTION PLAN - CURRENT YEAR

Not applicable

MOREHOUSE COMMUNITY IMPROVEMENT ORGANIZATION, INC.  
MER ROUGE, LOUISIANA  
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS  
MARCH 31, 2025

There were no findings or questioned costs for the year ended March 31, 2024.

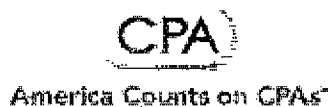


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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Morehouse Community Improvement Organization, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended March 31, 2025. Morehouse Community Improvement Organization, Inc.'s management is responsible for those (C/C) areas identified in the SAUPs.

Morehouse Community Improvement Organization, 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 year ended March 31, 2025. 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 Organization's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

- 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.
- III) **Disbursements**, including processing, reviewing, and approving.
- 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).
- 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(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- VII) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.
- VIII) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- IX) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- X) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.

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

**Findings:** The written policies do not cover preparing, adopting, monitoring, and amending the budget.

The written policies do not cover periodic testing of backups, use of antivirus software on all systems, timely application of all systems and software, and identification of personnel, process, and tools needed to recover operations after a critical event.

The written policies do not cover travel-allowable expenses, dollar thresholds by category of expense, documentation requirements and required approvers.

The written policies do not cover contracting, including types of services, standard terms and conditions, legal review, approval process, and monitoring.

Except as otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

**Management Response:** Morehouse Community Improvement Organization, Inc. will consider the auditor's comments and will act as considered necessary on the exceptions noted. However, due to limited funds and staff it may not be feasible to implement all best practices.

**5. *Non-Payroll Disbursements (excluding card purchases/payments, 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).

**Findings:** We obtained the listing of locations that process payments and management's representation.

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

- I) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- II) At least two employees are involved in processing and approving payments to vendors.
- I) 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.
- 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.
- II) 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.

**Findings:** The employee that mails checks is also responsible for processing payments.

Except as otherwise stated, no other exceptions were identified in the performance of the procedures listed above.

**Management Response:** Morehouse Community Improvement Organization, Inc. will consider the auditor's comments and will act as considered necessary on the exceptions noted. However, due to limited funds and staff it may not be feasible to implement all best practices.

C. For each location selected under #5A above, obtain the Organization'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 that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
- II) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

**Findings:** No exceptions noted.

We were engaged by Morehouse Community Improvement Organization, 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 Morehouse Community Improvement Organization, 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 included 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.

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