PARTNERS FOR PROGRESS, INC.

FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2024

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HENDERSON & PILLETERI LLC
CERTIFIED PUBLIC ACCOUNTANTS

<u>Independent Auditor's Report</u>

To the Board of Commissioners
Partners for Progress, Inc.

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of Partners for Progress, Inc. (the "Corporation") and the aggregate discretely presented component unit, as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Adverse Opinion Aggregate Discretely Presented Component Units
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Corporation as of September 30, 2024 or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Business-Type Activities
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation's primary government, as of September 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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. The financial statements of Partners for Progress, Inc. were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the Corporation's legally separate discretely presented component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Corporation's primary government unless the Corporation also issues financial statements for the financial reporting entity that include the financial data for its component units. The Corporation has not issued such reporting entity financial statements. The effects of not including the Corporation's legally separate component units on the aggregate discretely presented component units as of and for the year ended September 30, 2024 has not been determined.

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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

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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 GAAS 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 Corporation'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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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.

Required Supplementary Information
Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying supplemental data, including the accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director and the Schedule of Outstanding Judgements and Agreements as required by R.S. 24:513.5, is presented for the Office of the Louisiana Legislative Auditor's information and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to the Executive Director, and the schedule of outstanding judgements and agreements as required by R.S. 24:513.5 are fairly stated, in all material respects, in relation to the basic 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 27, 2025, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

Henderson & Pilleteri, LLC

Birmingham, AL
June 27, 2025

HENDERSON & PILLETERI LLC
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditor's Report

To the Board of Commissioners
Partners for Progress, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Partners for Progress, Incorporated (the Corporation), a component unit of The Housing Authority of East Baton Rouge Parish, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated June 27, 2025. Our report included an adverse opinion on the omitted aggregate discretely presented component units as of and for the year ended December 31, 2023.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard.*

Corporation's Response to Findings
The Corporation's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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Purpose of this Report

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

Henderson & Pilleteri, LLC

Birmingham, AL
June 27, 2025

PARTNERS FOR PROGRESS, INC.
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

ASSETS	
Current assets:	
Unrestricted cash and cash equivalents	$ 1,516,117
Miscellaneous receivable, net	2,535,114
Prepaid expenses and other assets	73,291
Total current assets	4,124,522
Noncurrent assets:	
Capital assets:	
Land	292,500
Total capital assets	292,500
Notes, loans and mortgages receivable	7,513,544
Total noncurrent assets	7,806,044
Total assets	11,930,566
LIABILITIES	
Current liabilities:	
Accounts payable	10,016
Accrued liabilities	7,591
Payable due to primary government	3,067,725
Compensated absences, current portion	1,219
Total current liabilities	3,086,551
Noncurrent liabilities:	
Compensated absences, net of current portion	10,976
Note and loans payable	705,887
Total noncurrent liabilities	716,863
Total liabilities	3,803,414
NET POSITION	
Net investment in capital assets	292,500
Unrestricted	7,834,652
Total net position	$ 8,127,152

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

PARTNERS FOR PROGRESS, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2024

OPERATING REVENUES	
Grants from Primary Government	$ 1,389,313
Developer fees	448,078
Other	60,839
Total operating revenues	1,898,230
OPERATING EXPENSES	
Administration	360,627
Tenant services	16,627
Utilities	1,806
Maintenance	2,558
General	16,582
Total operating expenses	398,200
Operating income (loss)	1,500,030
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	13,123
Interest expense	(2,929)
Change in net position	1,510,224
Total net position - beginning of the year	6,616,928
Total net position - end of the year	$ 8,127,152

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

PARTNERS FOR PROGRESS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts	$ 839,866
Payments to suppliers and landlords	(300,809)
Payments to or on behalf of employees	(183,019)
Net cash provided (used) by operating activities	356,038
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt issuance	1,615,000
Principal payment on capital debt	(1,681,813)
Interest payments on capital debt	(2,929)
Net cash provided (used) by capital financing activities	(69,742)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	13,123
Net cash provided (used) by investing activities	13,123
Net increase (decrease) in cash and cash equivalents	299,419
Balances - beginning of the year	1,216,698
Balances - end of the year	$ 1,516,117
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 1,500,030
Change in assets and liabilities:	
Receivables, net	(1,965,604)
Prepaids and other assets	(68,111)
Accounts payable	(1,087)
Other liabilities	887,240
Accrued liabilities	3,570
Net cash provided (used) by operating activities	$ 356,038

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Partners for Progress, Incorporated (the Corporation) is a nonprofit Louisiana corporation, which was created as an instrumentality of The Housing Authority of East Baton Rouge Parish (the Authority) to develop low to moderate income housing in the Baton Rouge community. Because a portion of the Authority's Board of Commissioners, of which cannot be in the majority, serves of the Corporation's Board of Directors, and the Authority may influence the activities of the Corporation since it acts as the Corporation's management agent, the Corporation is a component unit of the Authority. The Governmental Accounting Standards Board (GASB) established criteria for determining the Authority's inclusion of the Corporation as a component unit of the Authority. Since the Corporation maintains a substantively different governing board than the Authority, and the benefits derived from the services the Corporation provides extend beyond the Authority, the Corporation is a discrete component unit of the Authority, and the financial activity of the Corporation is reported separately in the financial statements of the Authority. The Corporation's fiscal year-end is September 30.

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation is engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund under GASB.

A. The Reporting Entity
The Corporation was established as a nonprofit Louisiana corporation, which was created as an instrumentality of The Housing Authority of East Baton Rouge Parish (the Authority or Primary Government) to develop low to moderate income housing in the Baton Rouge community. The governing body of the Corporation is composed of a Board of Directors (the "Board") of not less than three, nor more than nine. The Corporation is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Corporation's management.

For financial reporting purposes, the financial reporting entity consists of (1) the primary government (the "Corporation"), (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. The Corporation is financially accountable if it appoints a voting majority of an organization's governing body and (a) it is able to impose its will on the organization or, (b) there is potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the Corporation. The Corporation may be financially accountable if an organization is fiscally dependent on the Corporation. Based on these criteria, the following entity has been identified as a component unit of the Corporation.

Blended Component Units:

The Corporation's financial statements include the financial statements of the following wholly owned limited liability companies (LLCs), which have a fiscal year end of September 30, 2024. Because these companies are wholly owned by the Corporation and almost exclusively benefit the Corporation, they meet the criteria to be considered blended component units of the Corporation. All significant inter-program balances and transactions between the LLCs and the Corporation are eliminated. No separate financial statements are issued by the LLCs. As the LLCs did not have any activity, condensed financial statements have not been included in the notes to the financial statements in accordance with GASB Statement No. 14, *The Financial Reporting Entity,* as amended by GASB 39, 61 and 80.

Partners for Progress Development Company, LLC
Partners for Progress Development Company, LLC was created to function as an Instrumentality of the Corporation to facilitate the development of twenty-five single family rental homes for low to moderate income families known as Brookstown Place Subdivision. Partners for Progress, Incorporated is the sole member of Partners for Progress Development Company, LLC.

Cedar Pointe Development, LLC
Cedar Pointe Development, LLC was created to function as an instrumentality of the Corporation to facilitate the development of eighty single family rental homes for low to moderate income families known as Cedar Pointe Subdivision. Partners for Progress, Incorporated is the sole member of Cedar Pointe Development, LLC.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Wesley Chapel Development, LLC
Wesley Chapel Development, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation of an eighty-two unit apartment complex for low to moderate income families known as Wesley Chapel Apartments. Partners for Progress, Incorporated is the sole member of Wesley Chapel Development, LLC.

Hospital Plaza I, LLC
Hospital Plaza I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low-income families known as Willow Creek Townhomes. Partners for Progress, Incorporated is the sole member of Hospital Plaza I, LLC.

Colonial Courts I, LLC
Colonial Courts I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low-income families known as Autumn Place Townhomes. Partners for Progress, Incorporated is the sole member of Colonial Courts I, LLC.

Roosevelt Terrace, LLC
Roosevelt Terrace, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Roosevelt Terrace Apartments. Partners for Progress, Incorporated is the sole member of Roosevelt Terrace, LLC.

River South, LLC
River South, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as River South Apartments. Partners for Progress, Incorporated is the sole member of River South, LLC.

Cypress at Gardere, GP LLC
Cypress at Gardere, GP LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Cypress at Gardere Apartments. Partners for Progress, Incorporated is the sole member of Cypress of Gardere, GP LLC.

2080 Ardenwood, LLC
2080 Ardenwood, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Ardenwood Apartments. Partners for Progress, Incorporated is the sole member of 2080 Ardenwood, LLC. This entity is a part of the development being developed with the Authority's Choice Neighborhood Implementation Grant monies.

Discretely Presented Component Units:

Through its wholly owned limited liability companies, the Corporation is the general partner in the following Partnerships (with fiscal year-ends of December 31, 2023). The activity of these partnerships is not included in the financial statements of the Corporation, but is included in the financial statements of the Authority:

Brookstown Place Partnership, ALPIC
Partners for Progress Development Company, LLC is the general partner of Brookstown Place Partnership, ALPIC. Partners for Progress Development Company, LLC's economic interest in the partnership is .01%, and was negative ($202) as of December 31, 2023.

Cedar Pointe Subdivision, LP
Cedar Pointe Development, LLC is the general partner of Cedar Pointe Subdivision, LP. Cedar Pointe Development, LLC's economic interest in the partnership is .01%, and was negative ($436) as of December 31, 2023.

Wesley Chapel Development, LP
Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. Wesley Chapel Development, LLC's economic interest in the partnership is .01%, and was negative ($885) as of December 31, 2023.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EBRPHA Development 1, LP
Hospital Plaza I, LLC is the general partner of EBRPHA Development 1, LP. Hospital Plaza I, LLC's economic interest in the partnership is .01%, and was negative ($376) as of December 31, 2023.

EBRPHA Development 2, LP
Colonial Courts I, LLC is the general partner of EBRPHA Development 2, LP. Colonial Courts I, LLC's economic interest in the partnership is .01%, and was negative ($368) as of December 31, 2023.

EBRPHA Development 4, LP
Roosevelt Terrace, LLC is the general partner of EBRPHA Development 4, LP. Roosevelt Terrace, LLC's economic interest in the partnership is .01%, and was negative ($158) as of December 31, 2023.

River South Development, LP
River South, LLC is the general partner of River South Development, LP. River South, LLC's economic interest in the partnership is .01%, and was negative ($144) as of December 31, 2023.

Cypress at Gardere, LP
Cypress at Gardere, GP LLC is the general partner of Cypress at Gardere, LP. Cypress at Gardere GP, LLC's economic interest in the partnership is .01% and was $(106) as of December 31, 2023.

The relationship between the Corporation and the LPs is supportive in nature as the Corporation and LPs often carry out their stated purpose of providing decent, safe and affordable housing by supporting the operational goals and objectives of these Limited Partnerships.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The Corporation's financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on the Statement of Net Position. Proprietary fund net position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Revenues are recognized when they are earned, and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are developer fees from the limited partnerships (discretely presented component units) and operating grants from the Authority. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Corporation applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

The Corporation has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Corporation accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses, and Changes in Fund Net Position after income before contributions and before changes in net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component on net position.

C. Cash, Cash Equivalents, and Investments
Cash and cash equivalents include cash on hand, demand deposits, and money market accounts. For purposes of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

D. Receivables
Accounts receivables are carried at the amount considered by management to be collectible. An allowance for doubtful accounts is used for amounts that are not considered collectible.

E. Restricted Assets and Liabilities
Debt covenants, federal, state, and local regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

F. Inventories
Inventories are accounted for under the consumption method and recorded at the lower of cost or market, net of an allowance for obsolete inventories. Materials and supplies are recorded as inventories when purchased and as expenditures when used. Allowances are reported when materials and supplies are deemed obsolete.

G. Prepaid Items
Prepaid items consist of payments made to vendors for services that will benefit future periods.

H. Capital Assets
Capital assets include property, furniture, equipment, and machinery. Capital assets with initial, individual costs that equal or exceed $5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed in accordance with GASB 89. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-20
Improvements other than buildings	10
Furniture, equipment, and machinery	5

I. Compensated Absences
The Corporation's policy allows each employee to accumulate paid time off hours and be paid for them upon separation in varying amounts to specified maximums depending on tenure with the Corporation. The employees are entitled to vacation leave balances at termination. Time accumulated beyond these amounts is forfeited unless exception is granted by the Board. Sick leave hours also accrue to full time employees at specified maximums. The majority of employees utilize their annual accrual of paid time off during the year accrued. The Corporation records compensated absences in the period they are earned. Leave accrued but not yet paid as of September 30, 2024, is shown as a liability allocated between current and noncurrent classifications.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Unearned Revenue
The Corporation recognizes revenues as earned. An amount received in advance of the period in which it is earned is recorded as a liability under deferred revenue.

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

L. Recent Accounting Pronouncements
The Corporation has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. Statement 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The adoption of GASB Statement No. 100 had no material effect on the Corporation's September 30, 2024 financial statements.

NOTE 2 – CASH DEPOSITS

Custodial Credit Risk – The Corporation's policy is to limit credit risk by adherence to investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk – The Corporation's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Corporation's cash and cash equivalents consist of cash held in an interest-bearing checking account, totaling $503,007, with a book balance of the same amount. As of September 30, 2024, $253,007 of these deposits were not collateralized outside of the amounts secured by the Federal Deposit Insurance Corporation (FDIC). The Corporation has not experienced any losses in such accounts as a result of this excess of cash over insured or collateralized deposits.

The Corporation's cash and cash equivalents also consist of short-term securities from the Louisiana Asset Management Pool (LAMP), which can consist of U.S. Treasury bills and notes, federal agency securities, commercial paper, money market funds, and variable/floating rate issues, none of which are treated as deposits and therefore are not subject to deposit collateralization requirements. The Corporation's bank and book balances for these LAMP cash equivalents both amount to $1,013,110 at September 30, 2024

NOTE 3 – CAPITAL ASSETS

Changes in Capital Assets
Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	$ 292,500	$ -	$ -	$ -	$ 292,500
Total capital assets not being depreciated	292,500	-	-	-	292,500
Capital assets being depreciated					
Equipment	15,418	-	-	-	15,418
Total capital assets being depreciated	15,418	-	-	-	15,418
Less accumulated depreciation for:					
Equipment	(15,418)	-	-	-	(15,418)
Total accumulated depreciation	(15,418)	-	-	-	(15,418)
Capital assets, net	$ 292,500	$ -	$ -	$ -	$ 292,500

NOTE 4 – NOTES, LOANS & MORTGAGES RECEIVABLE

Notes, loans, and mortgage receivable consist of the following at September 30, 2024:

Through the Corporation's wholly owned subsidiary entities (Partners for Progress Development Corporation, LLC; Cedar Pointe Development, LLC; Wesley Chapel Development, LLC; Hospital Plaza I, LLC; Colonial Courts I, LLC; Roosevelt Terrace, LLC; River South, LLC and Cypress at Gardere GP, LLC), the Corporation has earned developer fees from each of the Partnerships for overseeing the construction and development of four apartment complexes and two townhouse communities. During the fiscal year, the Corporation did not receive developer fees from the Partnerships. As of September 30, 2024, the Corporation's estimated share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to $506,357. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of the receivables and to recognize income as funds are received.

During fiscal year 2014, the Corporation funded a $500,000 loan to Wesley Chapel Development, LP under a loan agreement dated in September of 2011, to assist with the construction of the Wesley Chapel Apartments complex. The note is secured with a subordinate mortgage on the property and does not bear interest. The loan is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement, and matures in July of 2044. The outstanding balance of the note was $500,000 as of September 30, 2024.

During fiscal year 2015, the Corporation funded a $480,200 loan to EBRPHA Development 4, LP to assist with the rehabilitation of the Roosevelt Terrace Apartments complex. The nonrecourse note is secured with a subordinate mortgage on the property, which has been subsequently assigned to Capital One National Association to secure a related loan issued from the Corporation to Capital One National Association. The loan bears interest at a rate of .25% per annum and is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement. The loan matures in September of 2055, and the outstanding balance was $480,200 as of September 30, 2024. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of any accrued interest receivable and to recognize income as funds are received.

NOTE 4 – NOTES, LOANS & MORTGAGES RECEIVABLE (Continued)

In January 2012, the East Baton Rouge Redevelopment Authority (RDA) provided a subordinate mortgage loan in the amount of $500,000 (the RDA Loan) to the EBRPHA Development 2, LP (Autumn Place). The loan has a thirty-year term and will accrue interest at zero (0.00%) percent annually. The loan is evidenced by a mortgage note given by Autumn Place to the Lender and is secured by the RDA Mortgage and other related security documents and financing statements. The loan is non-recourse to Autumn Place and the Partners (other than customary non-recourse carve out-provisions which have been consented to by the Special Limited Partner). The loan will be repaid solely from Surplus Cash to the extent Surplus Cash is generated from the operation of the Project, in the sum of one-third (1/3) of the first $42,000 of Surplus Cash; plus two-thirds (2/3) of any excess over the $42,000 of Surplus Cash. In April of 2021, this loan was reassigned to the Corporation in the amount of $500,000 and shows as a receivable on the statement of net position. The outstanding balance on September 30, 2024 of the note was $441,672.

In January 2012, the East Baton Rouge Redevelopment Authority (RDA) provided a subordinate mortgage loan (the RDA Loan) in the amount of $500,000 to EBRPHA Development 1, Partnership (Willow Creek). The loan has a thirty-year term and will accrue interest at zero (0.00%) percent annually. The loan is evidenced by a mortgage note given by Willow Creek to the Lender and is secured by the RDA Mortgage and other related security documents and financing statements. The loan is non-recourse to Willow Creek and the Partners (other than customary non-recourse carve out-provisions which have been consented to by the Special Limited Partner). The loan will be repaid solely from Surplus Cash to the extent Surplus Cash is generated from the operation of the Project, in the sum of one-third (1/3) of the first $42,000 of Surplus Cash; plus, two-thirds (2/3) of any excess over the $42,000 of Surplus Cash. In April of 2021, this loan was reassigned to the Corporation in the amount of $441,672 and shows as a receivable on the statement of net position. The outstanding balance at September 30, 2024 of the note was $441,672.

In April of 2021, the Corporation loaned a new development, Cypress at Gardere, LP (Cypress) $1,450,000 at closing for the purchase of the property and for future development costs. Cypress has since drawn additional funding, $517,860 of which was drawn in the fiscal year, bringing the total to $4,900,000 outstanding as of September 30, 2024. The total allowable amount to be disbursed to Cypress from the Corporation is $4,900,000 with an interest rate on the unpaid principal balance of 8%, per annum. The principal balance of the note and interest thereon shall be paid annually commencing in 2023 with payments solely from 75% of Surplus Cash (as defined in the Subordination Agreement between Lender and Regions Bank, as fiscal agent), and the principal balance and all accrued, but unpaid interest shall be due and payable on April 22, 2056. The outstanding balance on September 30, 2024, of the note was $4,900,000. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of any accrued interest receivable and to recognize income as funds are received.

On April 22, 2021, Cypress at Gardere, LP entered into a loan agreement with the Corporation in the amount of $750,000. The loan is secured by the Project, has a simple interest rate of 0.5% per annum, and matures 35 years on April 22, 2056. At maturity, the principal balance and accrued interest is due and payable as a lump sum. As of September 30, 2024, the outstanding principal balance was $750,000. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of any accrued interest receivable and to recognize income as funds are received.

NOTE 5 – NONCURRENT LIABILITIES

Noncurrent liabilities at September 30, 2024 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 12,195	$ -	$ -	$ 12,195	$ 1,219
Note and loans payable	792,700	1,615,000	1,701,813	705,887	-
Total noncurrent liabilities	$ 804,895	$ 1,615,000	$ 1,701,813	$ 718,082	$ 1,219

NOTE 6 – DEFERRED COMPENSATION PENSION PLAN

The Corporation provides deferred compensation benefits for all of its full-time employees through the State of Louisiana Public Employees Deferred Compensation Plan, a defined contribution plan. The plan is administered by Great West Retirement Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after twelve months of continuous service. The Corporation contributes approximately 10.5% of the employee's eligible compensation, while the employees are not required to contribute to the plan. During fiscal year 2024, the Corporation made the required contributions in the amount of $26,159, and the employees contributed $-0-. The Corporation's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

NOTE 7 – NOTE AND LOANS PAYABLE

Notes payable consist of the following at September 30, 2024:

During fiscal year 2014, the Corporation issued an Affordable Housing Program promissory note to Capital One National Association in the amount of $500,200 to fund a loan the Corporation subsequently made to EBRPHA Development 4, LP, to partially finance the rehabilitation of the Roosevelt Terrace Apartment complex. The note is mortgaged with an assigned security interest in the Roosevelt Terrace Apartments property, matures in September of 2055, and will not bear interest as long as the Affordable Housing Program loan criteria are satisfied. The outstanding principal balance on the loan as of September 30, 2024, was $480,200.

In December 2020, the Corporation received a loan in the amount of $292,500 from Home Bank with an original maturity date and interest rate of December 17, 2023, and 4.95%, respectively, related to the purchase of 2080 Ardenwood. As of March 12, 2024, the loan has been extended through June 17, 2024, with an interest rate of 7%. The loan is payable in full immediately upon demand. If no demand is made, the Corporation will pay this loan in one principal payment on maturity. This loan is collateralized by the property. The outstanding principal balance on the loan as of September 30, 2024, was $0 as this loan was paid off in full during the year.

On January 31, 2023, the Corporation acquired a Conventional Acquisition loan in the amount of $1,615,000 with Liberty Bank, approved by the board on July 14, 2022. The loan has a maturity date of January 28, 2026, and bears interest at an annual fixed rate of 8.50% on the unpaid principal balance of this note. This note shall be payable in 35 monthly payments of interest and escrow payments only, commencing on the 28th day of February 2023, and on the 28th day of the month each month thereafter, with the final payment of due on the 28th day of January 2026, at which time all outstanding principal plus all accrued unpaid interest will be due and payable in full. The outstanding balance of the loan on September 30, 2024 amounted to $225,687.

Future debt principal and interest payments on notes payable are as follows:

	Principal	Interest	Total
For the year ending 9/30/2025	$ -	$ -	$ -
For the year ending 9/30/2026	225,687	-	225,687
For the year ending 9/30/2027	-	-	-
For the year ending 9/30/2028	-	-	-
For the year ending 9/30/2029	-	-	-
For the year ending 9/30/2030-9/30/2034	-	-	-
For the year ending 9/30/2035-9/30/2039	-	-	-
For the year ending 9/30/2040-9/30/2044	-	-	-
For the year ending 9/30/2045-9/30/2049	-	-	-
For the year ending 9/30/2050-9/30/2054	-	-	-
For the year ending 9/30/2055	480,200	-	480,200
	$ 705,887	$ -	$ 705,887

NOTE 8 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Corporation to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.

NOTE 9 – CONCENTRATION OF RISK

The Corporation receives developer fees, as well as other affordable housing fees from various affiliated partnerships, including the partnerships included as discretely presented component units of the Corporation. Many of these fee arrangements are dependent upon the partnerships attaining various cash flow thresholds and financing sources, and some of the fees have irregular collections with the timing and amount of the receipts varying significantly from year to year.

This reliance on developer and other affordable housing fees exposes the Corporation to a concentration of credit and operational risk. A delay in project completion, failure to close transactions, changes in funding availability, or the inability to generate positive cash flows could materially affect the timing or collectability of these fees and, consequently, the Corporation's financial position and results of operations.

Management actively monitors this risk and seeks to diversify funding sources where feasible; however, at present, these fees remain the Corporation's primary source of income.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Corporation is the sole member of Wesley Chapel Development, LLC. Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. In September 2011, Wesley Chapel Development, LP obtained a loan from the Louisiana Housing Finance Agency (LHFA) for $1,000,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. The loan matures in March of 2041. As of December 31, 2022, the principal balance owed on the loan was $1,000,000. Wesley Chapel Development, LP reported a balance of $1,000,000 as of December 31, 2023, the year end for Wesley Chapel Development, LP. The Corporation has guaranteed payment of the notes to Home Federal Bank and LHFA. In the event that the partnership defaults, the loans could become a liability of the Corporation. However, the Corporation does not anticipate this occurring.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Corporation owes the East Baton Rouge Parish Housing Authority $3,064,529 for operating expenses as of September 30, 2024.

NOTE 12 – INCOME TAXES

The Corporation is exempt from income taxes as a public agency, under Section 501(c)4 of the Internal Revenue Code. As such, only unrelated business income is subject to income tax. The Corporation is not currently under audit nor has the Corporation been contacted by any of these jurisdictions. Based on an evaluation of the Corporation's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the fiscal year ended September 30, 2024.

NOTE 13 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

Wesley Chapel Development, LP
In July 2014 during closing of the first mortgage, Partners for Progress, an affiliate of the General Partner, loaned the Partnership $500,000. The non-recourse loan has zero percent interest (0%) and a thirty-year term. The maturity date of the loan is in July 2044. Payments of principal are deferred until there is sufficient income and cash flow to pay on the note. At December 31, 2023, the balance of the loan was $500,000.

EBRPHA Development 1, LP
The Partnership has entered into a development services agreement with Hospital Plaza I, LLC (Managing General Partner); and Partners for Progress, Inc. (Developer), an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The Developer shall be entitled to receive a fee of $638,656 and the Managing General Partner is entitled to receive a fee of $638,657 for the total development fee of $1,277,313. The developer fee is capitalized in the basis of the building. During the years ended December 31, 2023 and 2022, $0 and $54,868, respectively, of Developer Fees were paid. The developer fee has been paid in full.

Brookstown Place Partnership, ALPIC
Partners-for-Progress Development Company, LLC, as its Managing General Partner, paid $21,429 for an insurance deductible to help cover the costs of repairs for flood damage. During 2023, an affiliate paid insurance premiums of $9,668 for the partnership. As of December 31, 2023, the balance owed to related parties was $31,097.

The Partnership shall pay to the Supervisory Agent (Partners for Progress Development Company, LLC) an Incentive Management Fee equal to forty percent (40.0%) of Cash Flow remaining after application of Cash Flow against the amounts described in Sections 9.2A (i) through 9.2A (viii) of the Partnership Agreement for such year pursuant to Section 9.2A(x) of the Partnership Agreement, provided that the Incentive Management Fees for any year shall not exceed ten percent (10%) of gross revenues of the Development for such year. During the years ended December 31, 2023, and 2022, no Incentive Management Fees were incurred or paid.

The Partnership shall pay to the Supervisory Agent (Partners for Progress Development Company, LLC) a Supervisory Management Fee in an amount equal to forty percent (40%) of Cash Flow remaining after application of Cash Flow against the amounts described in Sections 9.2A (i) through 9.2A (viii) of the Partnership Agreement for such year pursuant to Section 9.2A(ix) of the Partnership Agreement, provided that the Supervisory Management Fee for any year shall not exceed ten percent (10%) of gross revenues of the Development for such year. During the years ended December 31, 2023, and 2022, no Supervisory Management Fees were incurred or paid.

The Partnership has incurred a developer fee in the amount of $615,000 to Partners-for-Progress Development Company, LLC, as its Managing General Partner, for services rendered to the Partnership for overseeing the construction and development of the complex. The development fee has been capitalized in the basis of the building. Per Section 3.1 of the Partnership Agreement, if the Development Fee has not been paid in full by December 31, 2018, the General Partners will make a capital contribution within ten (10) days thereafter in an amount sufficient for payment of any unpaid balance of the Development Fee. Development fees in the amount of $0 and $0 were paid in 2023 and 2022, respectively. On December 31, 2009, a promissory note was signed by the manager of Partners For Progress Development Company, LLC, to pay Brookstown Place Consulting, LLC the amount of $206,207 representing 75% of the developer fee payable. As of December 31, 2023, and 2022, the balance of the developer fee payable was $68,736 and $68,736, respectively. As of December 31, 2023, and 2022, the balance owed on the developer fee promissory note was $206,207 and $206,207, respectively.

EBRPHA Development 2, LP
The Partnership has entered into a development services agreement with Colonial Courts I, LLC (Managing General Partner); and Partners of Progress, Inc. (Developer), an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The Developer shall be entitled to receive a fee of $631,537 and the Managing General Partner is entitled to receive a fee of $631,538 for the total development fee of $1,263,075. The developer fee is capitalized in the basis of the building. For the years ended December 31, 2023, and 2022, $0 and $60,605, respectively, of Developer Fees were paid. At December 31, 2023, and 2022, the balance of developer fee payable was $0 and $0, respectively.

NOTE 13 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT(Continued)

EBRPHA Development 4, LP

The Partnership has entered into a development services agreement with Roosevelt Terrace, LLC (Managing General Partner); and Partners of Progress, Inc. (Developer), an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The Developer shall be entitled to receive a fee of $790,000 and the Managing General Partner is entitled to receive a fee of $0 for the total development fee of $790,000. The developer fee is capitalized in the basis of the building. For the years ended December 31, 2023 and 2022 respectively, $0 and $0 of Developer Fees were paid. At December 31, 2023 and 2022, the balance of developer fee payable was $146,282 and $146,282, respectively.

On September 17, 2014, the Partnership received an ARP Loan in the amount of $480,200 from Partners for-Progress, Inc. ('Payee') through Capital One, N.A. ('ARP Lender') that is sourced by the Federal Home Loan Bank Affordable Housing Program. The entire principal of the loan together with interest at the rate of one quarter of one percent (0.25%) per annum, compounded annually, shall be paid to the Payee on the forty-first (41st) anniversary of this note, September 17, 2055 (the 'Maturity Date'). This loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner) and which will be held by parties who are not 'related parties' except with respect to the Capital One Loan to any of the Partners within the meaning of Section 752 of the Code and the Regulations thereunder. The Partnership shall make annual payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023, the balance of the loan was $480,200 and accrued interest was $11,219. Maturities of the notes for the five years succeeding the year end cannot be determined since payments are derived from cash flows.

River South Development, LP

The Partnership has entered into a development services agreement with River South, LLC (General Partner); and Partners of Progress, Inc. (Developer), an affiliate of the General Partner, to render services for overseeing the construction and development of the complex. The Developer shall be entitled to receive a fee of $1,250,000 and the General Partner is entitled to receive a fee of $0 for the total development fee of $1,250,000. The development fee is capitalized in the basis of the building. As of December 31, 2023, and 2022, $0 and $0 of Development Fees have been paid. At December 31, 2023, and 2022, the balance of development fee payable was $119,905 and $119,905, respectively.

Cypress at Gardere, LP

Pursuant to the Development Agreement dated April 21, 2021 (the "Development Agreement"), the Partnership agreed to pay Partners-For-Progress, Incorporated and Integral Development, LLC a total combined fee of $2,275,000 for services relating to the development of the Property. The Development Note is unsecured, bears interest at 3% per annum, and is fully incurred upon the placement in service of 100% of the Project units and is payable from available cash flow, as further defined in the Partnership Agreement. As of December 31, 2023 and 2022, the outstanding principal balance was $483,407 and $824,877, respectively.

On April 22, 2021, the Partnership entered into a loan agreement with Partners-For-Progress, Inc, in the amount of $750,000. The loan is secured by the Project, has a simple interest rate of 0.5% per annum, and matures 35 years on April 22, 2056. At maturity, the principal balance and accrued interest is due and payable as a lump sum. For the year ended December 31, 2023, the loan incurred interest of $3,750. For the period from November 29, 2017 (inception) to December 31, 2022, the loan incurred interest of $6,438, of which $5,156 was capitalized to fixed assets and $1,282 was expensed. As of December 31, 2023 and 2022, the outstanding principal balance was $750,000. As of December 31, 2023 and 2022, accrued interest was $10,188 and $6,438, respectively.

On April 22, 2021, the Partnership entered into a loan agreement with Partners-For-Progress, Inc, in the amount of $4,900,000. Partners-For-Progress, Inc is an affiliate of the Partnership's general partner. The loan is secured by the Project, has a simple interest rate of 8% per annum, and matures April 22, 2056. The principal balance and accrued interest shall be paid annually commencing in 2023 with payments solely from 75% of Surplus Cash (as defined in the Subordination Agreement between Lender and Regions Bank, as a fiscal agent). The remaining principal balance and accrued interest shall be due and payable on maturity. For the year ended December 31, 2023, the loan incurred interest of $392,000. For the period from November 29, 2017 (inception) to December 31, 2022, the loan incurred interest of $401,913, of which $137,447 was capitalized to fixed assets and $264,466 was expensed. As of December 31, 2023 and 2022, the outstanding principal balance was $4,900,000 and $4,900,006, respectively. As of December 31, 2023 and 2022, accrued interest was $793,913 and $401,913, respectively.

NOTE 14 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Corporation through June 27, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.

2023-001 – Material Weaknesses in Internal Control over Financial Reporting

Condition: The Corporation does not have a policy in place to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP); therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, or detected and corrected, by the organization's internal controls. As part of our audit, material adjustments including the material correction of an error in a prior year were recorded to the financial statements that were not detected by management. During our audit, there were numerous material adjustments, including the correction of an error in the prior year, made to the Partners for Progress balances including:

- Notes Receivable
- Accounts Payable
- Grant Income
- Prepaid Insurance
- Accounts Receivable
- Various Expense Accounts
- Unearned Revenue
- Due to/from EBRPHA

Criteria or Specific Requirement: The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations, and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with GAAP. A good system of internal control contemplates an adequate system for recording and processing adjusting journal entries significant to the financial statements and internally preparing the Corporation's financial statements and accompanying notes to the financial statements.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: Failure to properly reconcile general ledger accounts to subsidiary records and post all transactions and entries prior to the audit. The Corporation has not adopted a policy to provide reasonable assurance that financial statements are prepared in accordance with GAAP; however, management has reviewed and approved the annual financial statements and related notes, as prepared by the audit firm, and has accepted responsibility for those financial statements.

Repeat Finding: This is a repeat of finding 2022-001.

Recommendations: The Corporation should evaluate its financial reporting processes and controls, including the expertise of its internal staff and external consultants, to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with GAAP.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with this finding. Finance still experienced turnover and was short-staffed. Our newly acquired HR company helped hire a Senior Staff Accountant who started in May 2024. The new CFO was only with the company for the last three months of the fiscal year, so coupled with learning the makeup of the entire agency and dealing with antiquated software, the learning curve was initially slow. Finance reduced adjusting entries by fifty but still had to make reclass and adjusting entries to true up accounts. We are working with staff to get coding correct from the beginning, but they have had little to no guidance for over a year and a half.

Current Year Status: See current year finding 2024-001.

Financial Statement Findings

2024-001 – Material Weaknesses in Internal Controls over Financial Reporting

Condition and Criteria: During our audit, it was determined that material misstatements were made to the current financial statements resulting from material weaknesses in internal controls over the financial reporting process.

In our testing of cash, notes receivable, capital assets, net of depreciation, notes payable, and net position, we found instances of material misstatements due to errors in accounting and financial reporting.

A *control deficiency* 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 of the financial statements on a timely basis. AU Section 265 states that deficiencies in controls over the period-end financial reporting process, including controls over procedures used to enter transactions totals into the general ledger; initiate, authorize, record and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements, are ordinarily at least significant deficiencies.

Cause: The Corporation's internal controls over the financial reporting process that were in place were not being properly implemented. The Corporation failed to identify material misstatements in the financial statements, failed to properly prepare bank reconciliations, failed to properly report notes receivable balances, failed to properly record capital asset activity, failed to properly report notes payable balances, and failed to properly roll forward and present net position balances through their monitoring controls. The Corporation also went through a software conversion during the year.

Effect: The Corporation's financial statements required material current year adjustments. Account balances requiring material adjustments included cash, notes receivable, capital assets, net of depreciation, notes payable, and net position.

Auditor's Recommendation: We recommend that the Corporation's management and accounting / finance department continue to review the internal controls over financial reporting to improve the detection and correction of misstatements. We also recommend that the Corporation perform an analytical comparison of their current and prior year-end financial statements to help ensure that year-end financial reporting is accurate and complete. Lastly, we recommend that the Corporation hire outside financial consultants to assist in correcting the financial reporting control deficiencies and assist in ensuring that the accounting and reporting are performed accurately and completely.

Grantee Response: Management acknowledges the finding and is following the auditor's recommendations.

PARTNERS FOR PROGRESS, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR
YEAR ENDED SEPTEMBER 30, 2024

Expenditure Purpose:

Salary	$ -
Bonuses	-
Benefits - Insurance	-
Benefits - Retirement	-
Car Allowance	-
Per Diem	-
Registration Fees	-
Total Compensation, Benefits, and Other Payments	$ -

Agency Head: Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Basis of Presentation:

The above Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the *Louisiana Revised Statute (R.S.) 24:513A.(3)*, as amended by *Act 706* of the *2014 Legislative Session*.

PARTNERS FOR PROGRESS, INC.
SCHEDULE OF OUTSTANDING JUDGEMENTS AND AGREEMENTS
AS REQUIRED BY R.S. 24:513.5
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Type of Judgment	**Caption and Number of Matter/Agreement Name**	**Court in Which Matter was Filed**	**Date of Judgment/Agreement**	**Amount of Original Judgment/ Agreement**
	None noted for the fiscal year ended September 30, 2024			0
				$0

HENDERSON PILLETERI LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Report on Applying Agreed-Upon Procedures for the Year Ended September 30, 2024

To the Board of Directors of the Partners for Progress, 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 fiscal period October 1, 2023 through September 30, 2024. The Partners for Progress, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Partners for Progress, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2023 through September 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures – No exceptions noted in this area.

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.

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

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).

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.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/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. ***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.

2) Board or Finance Committee – Exception noted. The Board did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings were considered fully resolved.

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.

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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, 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.*

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.

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.

3) Bank Reconciliations – Three exceptions noted. 1) The Corporation was unable to provide sufficient documentation that bank reconciliations were prepared within 2 months of related statement closing date; 2) was unable to provide evidence bank reconciliations were reviewed within 1 month by a member of management or board member; and 3) was unable to provide supporting evidence that outstanding items over 12 months were researched.

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[1] (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);

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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

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

4) Collections (excluding electronic funds transfers) – No exceptions noted in this area.

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).

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;

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;

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

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

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.

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.

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

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

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).

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

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases) – No exceptions noted in this area.

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).

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;

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

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;

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

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.

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

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.

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.*

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards) – No exceptions noted in this area.

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.

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 Corporation of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

C. Using the monthly statements or combined statements selected under procedure #7B above, <u>excluding fuel cards</u>, 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.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions) – No exceptions noted in this area.

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);

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

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

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

8) Contracts – Exception noted. The Corporation was unable to provide documentation that the required number of quotes were obtained before executing one contract.

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, <u>excluding the practitioner's contract</u>, 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;

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);

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

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.

9) Payroll and Personnel – No exceptions noted in this area.

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.

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);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

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

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

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.

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.

10) Ethics – Exception noted. The Corporation was unable to provide documentation that the agency formally appointed an ethics designee as required by R.S. 42:1170.

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. 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

ii. 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.

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

11) Debt Service – No exceptions noted in this area.

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.

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).

12) Fraud Notice – No exceptions noted in this area.

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.

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.

13) ***Information Technology Disaster Recovery/Business Continuity – No exceptions noted in this area.***

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
   i. 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.
   ii. 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.
   iii. 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.
   iv. 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.

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

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

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

14) ***Prevention of Sexual Harassment – Exception noted. The Corporation was unable to provide sufficient documentation that one employee attended sexual harassment training during the calendar year that was a part-time employee.***

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.

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).

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;
   ii. Number of sexual harassment complaints received by the agency;
   iii. Number of complaints which resulted in a finding that sexual harassment occurred;
   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
   v. Amount of time it took to resolve each complaint.

We were engaged by the Partners for Progress, 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 the Partners for Progress, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Henderson & Pilleteri, LLC

Birmingham, AL
June 27, 2025

2) Board or Finance Committee - The Board did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings were considered fully resolved.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Daniels, Chief Executive Officer

Projected Completion Date: September 30, 2025

3) Bank Reconciliations - 1) The Corporation was unable to provide sufficient documentation that bank reconciliations were prepared within 2 months of related statement closing date; 2) was unable to provide evidence bank reconciliations were reviewed within 1 month by a member of management or board member; and 3) was unable to provide supporting evidence that outstanding items over 12 months were researched.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Daniels, Chief Executive Officer

Projected Completion Date: September 30, 2025

8) Contracts – The Corporation was unable to provide documentation that the required number of quotes were obtained before executing one contract.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Daniels, Chief Executive Officer

Projected Completion Date: September 30, 2025

10) Ethics - The Corporation was unable to provide documentation that the agency formally appointed an ethics designee as required by R.S. 42:1170.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Daniels, Chief Executive Officer

Projected Completion Date: September 30, 2025

14) Prevention of Sexual Harassment - The Corporation was unable to provide sufficient documentation that one employee attended sexual harassment training during the calendar year that was a part-time employee.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Daniels, Chief Executive Officer

Projected Completion Date: September 30, 2025