

**RESILIENCE FORCE
AND SUBSIDIARY**

Audit of Consolidated Financial Statements

December 31, 2022



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Independent Auditor's Report

To the Board of Directors
Resilience Force and Subsidiary

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Resilience Force and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head and the consolidating schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023 on our consideration of the Organization's internal control over financial reporting and 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 Organization'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 Organization's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA
October 12, 2023

RESILIENCE FORCE AND SUBSIDIARY
Consolidated Statement of Financial Position
December 31, 2022

Assets	
Cash	\$ 863,043
Accounts Receivable	9,600
Grants Receivable	571,700
Prepaid Expenses	17,174
Operating Lease Right-of-Use Assets, Net	<u>26,058</u>
Total Assets	<u><u>\$ 1,487,575</u></u>
Liabilities and Net Assets	
Accounts Payable	\$ 11,170
Accrued Expenses	18,822
Operating Lease Liabilities	<u>26,058</u>
Total Liabilities	<u>56,050</u>
Net Assets	
Without Donor Restrictions	859,825
With Donor Restrictions	<u>571,700</u>
Total Net Assets	<u>1,431,525</u>
Total Liabilities and Net Assets	<u><u>\$ 1,487,575</u></u>

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

RESILIENCE FORCE AND SUBSIDIARY
Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Grant Revenue	\$ 1,200,000	\$ 2,590,410	\$ 3,790,410
Contract Revenue	161,853	-	161,853
Contributions	14,997	-	14,997
Net Assets Released from Restrictions	2,538,657	(2,538,657)	-
Total Revenue, Gains, and Other Support	3,915,507	51,753	3,967,260
Expenses			
Program Services			
New Orleans Resilience Corps	1,492,673	-	1,492,673
Resilience Force California	141,577	-	141,577
Organizing	531,002	-	531,002
Policy and Advocacy	422,684	-	422,684
Public Narrative	543,337	-	543,337
Supporting Services			
General and Administration	794,842	-	794,842
Fundraising	423,505	-	423,505
Total Expenses	4,349,620	-	4,349,620
Change in Net Assets	(434,113)	51,753	(382,360)
Net Assets, Beginning of Year	1,293,938	519,947	1,813,885
Net Assets, End of Year	\$ 859,825	\$ 571,700	\$ 1,431,525

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

RESILIENCE FORCE AND SUBSIDIARY
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services					Supporting Services				Total
	New Orleans Resilience Corps	Resilience Force California	Organizing	Policy and Advocacy	Public Narrative	Total Program	General and Administration	Fundraising	Total Supporting Services	
Salaries and Wages	\$ 1,063,856	\$ -	\$ 305,156	\$ 60,754	\$ -	\$ 1,429,766	\$ 162,594	\$ 117,077	\$ 279,671	\$ 1,709,437
Contractors	46,564	133,780	87,300	330,942	531,614	1,130,200	327,656	165,720	493,376	1,623,576
Travel Expense	10,179	-	23,094	1,719	11,247	46,239	97,944	122,006	219,950	266,189
Fringe Benefits	163,988	-	27,185	7,302	-	198,475	12,244	7,196	19,440	217,915
Payroll Tax	116,446	-	32,234	4,924	-	153,604	17,881	9,334	27,215	180,819
Convenings	474	-	30,765	-	-	31,239	54,494	-	54,494	85,733
Legal and Professional Services	3,740	1,800	3,000	5,058	-	13,598	41,962	-	41,962	55,560
Office Expense and Supplies	11,742	2,103	3,483	444	296	18,068	28,388	63	28,451	46,519
Program Supplies Expense	20,093	-	10,136	164	-	30,393	4,515	-	4,515	34,908
Meals and Entertainment Expense	4,799	-	2,472	264	128	7,663	21,077	955	22,032	29,695
Telecommunication Expense	20,828	-	2,282	946	-	24,056	1,254	113	1,367	25,423
Rent and Lease Expense	21,054	-	3,473	-	-	24,527	-	-	-	24,527
Insurance Expense	2,080	3,630	-	1,033	-	6,743	6,971	-	6,971	13,714
Dues and Subscriptions	1,126	-	-	8,700	-	9,826	2,953	854	3,807	13,633
Miscellaneous Expense	2,948	-	10	10	52	3,020	7,926	187	8,113	11,133
Postage	1,456	264	-	424	-	2,144	4,020	-	4,020	6,164
Advertising and Marketing Expense	1,300	-	-	-	-	1,300	2,963	-	2,963	4,263
Repairs and Maintenance	-	-	412	-	-	412	-	-	-	412
Total	\$ 1,492,673	\$ 141,577	\$ 531,002	\$ 422,684	\$ 543,337	\$ 3,131,273	\$ 794,842	\$ 423,505	\$ 1,218,347	\$ 4,349,620

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

RESILIENCE FORCE AND SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

Reconciliation of Changes in Net Assets to Net

Cash Used in Operating Activities

Changes in Net Assets	\$ (382,360)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities	
(Increase) Decrease in:	
Accounts Receivable	(9,600)
Grants Receivable	(137,545)
Prepaid Expenses	(17,174)
Operating Lease Right-of-Use Assets, Net	(26,058)
Increase (Decrease) in:	
Accounts Payable	770
Accrued Expenses	18,822
Operating Lease Liabilities	26,058

Net Cash Used in Operating Activities	<u>(527,087)</u>
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Net Decrease in Cash	(527,087)
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Cash, Beginning of Year	<u>1,390,130</u>
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Cash, End of Year	<u><u>\$ 863,043</u></u>
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Supplemental Disclosures of Cash Flow Information

Right-of-Use Asset Obtained in Exchange for New Operating Lease Obligations	<u><u>\$ 47,254</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Resilience Force is a 501(c)(3) non-profit corporation incorporated on September 14, 2020, under the laws of the State of Louisiana. It is dedicated to launching the New Orleans Resilience Corps (the Corps), a new, diverse workforce development and jobs program. The Resilience Force's mission is to transform America's response to disasters by strengthening and securing the resilience workforce. The Corps will help strengthen the City of New Orleans' (the City) response to the COVID-19 pandemic while creating economic opportunity for those who have lost jobs. Resilience Force will train residents to be Community Health Workers. These workers will perform critical functions in limiting the spread of COVID-19 including coordinating the contact tracers, conducting door-to-door canvassing and wellness checks, delivering food and other necessities, connecting residents with city and state services, and more. These jobs will serve as crucial public health infrastructure for the City while paying a living wage and creating pathways to further professional opportunities.

In July 2022, Resilience Force CA, LLC (RFCA) was formed as a single member Limited Liability Company (LLC) under the laws of the State of California for the purpose of contracting workers for disaster prevention and reconstruction. Resilience Force is the sole member of RFCA.

As part of its mission, Resilience Force's programs also include:

Organizing - Help to support the thousands of workers who rebuild our communities after climate disasters. This includes regular check-ins, training workers on their rights and Occupational Safety and Health Administration (OSHA) and other regulations, and supporting them when they face challenges.

Policy and Advocacy - Work to ensure that there are local and national protections in place for Resilience Force workers to partner with elected officials and government agencies to increase worker protections and help workers seek justice if they face a workplace violation.

Public Narrative - Efforts to socialize the powerful conceptual framework of resilience and post-disaster work. This program includes engagement and storytelling that will help shape the public discourse nationally.

Principles of Consolidation

The consolidated financial statements include the accounts of Resilience Force and RFCA, for which Resilience Force is the sole-member, (collectively, the Organization). All significant intercompany transactions have been eliminated upon consolidation.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The consolidated financial statements are presented in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization classifies resources for accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of these two net asset categories is as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no donor-imposed restrictions that are perpetual in nature as of December 31, 2022.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. For the purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less, redeemable without penalty for the early withdrawal, to be cash equivalents. The Organization had no cash equivalents at December 31, 2022.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable include unconditional commitments from organizations that are recorded at the net realizable value that are expected to be collected by management. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. At December 31, 2022, the Organization considers all grants receivable to be fully collectible. Grants receivable total \$571,700 as of December 31, 2022, with \$321,700 due in 2023 and \$250,000 due in 2024. No discount has been recorded.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Contract revenue is related to the contracting of workers for disaster prevention and reconstruction projects. These revenues and related accounts receivable are recognized when the service is provided by the contracted workers. There was no deferred revenue as of December 31, 2022.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes

Resilience Force is a not-for-profit corporation organized under the laws of the State of Louisiana. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of Louisiana Revised Statute (R.S.) 47:121(5).

RFCA was formed as a single member LLC with Resilience Force as the sole member. RFCA is a disregarded entity for federal income tax purposes.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense included in general and administrative expenses on the consolidated statement of activities and changes in net assets. There were no interest or penalties recognized for the year ended December 31, 2022.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of expenses have been specifically identified with a program or supporting service.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$4,263 during the year ended December 31, 2022.

Leases

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under Topic 840, *Leases*.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Leases (Continued)

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses. Subsequent periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to the Organization’s operating lease of \$47,254, at January 1, 2022. The adoption of the new lease standard did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted

On September 17, 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires non-profits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting non-profit gifts-in-kind. The ASU has been applied retrospectively to all periods presented with no material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize a right-of-use (ROU) asset and lease liability on the consolidated statement of financial position for all leases with terms longer than 12 months. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current U.S. GAAP. The ASU has been adopted using the modified retrospective approach. Implementation did not result in a change in net assets.

Note 2. Concentration of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining bank accounts at two commercial banks, which may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022, the uninsured bank balance totaled \$611,565. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 3. Liquidity and Availability of Resources

The following presents the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year at December 31, 2022:

Cash	\$ 863,043
Accounts Receivable	9,600
Grants Receivable	<u>571,700</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,444,343</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Organization has available. In addition, the Organization operates with a budget to monitor sources and uses of funds throughout the year.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 4. Compensated Absences

The Organization's vacation policy states that vacation days do not roll over to the following year. Therefore, no compensated absences accrual was recorded at December 31, 2022.

Note 5. Leases

The Organization leases office space from a third party through 2023.

Operating lease assets and obligations included in the accompanying consolidated statement of financial position as of December 31, 2022 are as follows:

Operating Lease Right-of-Use Assets	\$	26,058
Lease Obligations Under Operating Leases	\$	26,058

Maturities of lease obligations as of December 31, 2022 are as follows:

Year Ending December 31,	Amount
2023	<u>\$ 26,058</u>
Total Undiscounted Cash Flows	26,058
Less: Imputed Interest	<u>-</u>
Lease Obligations Under Operating Leases	<u>\$ 26,058</u>

The following table summarizes the weighted-average remaining lease term and discount rate associated with long-term operating leases at December 31, 2022:

Weighted Average Remaining Lease Term (Years)	1.00
Weighted Average Discount Rate	N/A

The Organization recognized \$21,196 in lease costs on the accompanying consolidated statement of activities and changes in net assets for the year ended December 31, 2022.

The following summarizes the supplemental cash flow information related to operating leases recognized during the year ended December 31, 2022 in the consolidated statement of cash flows:

Cash Paid for Amounts Included in the Measurement of Operating Lease Liabilities (Operating Cash Flows)	\$	21,196
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RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions of the Organization consist of the following as of December 31, 2022:

Time Restrictions	<u>\$ 571,700</u>
Total	<u><u>\$ 571,700</u></u>

Net assets released from donor restrictions by incurring expenses satisfying restrictions specified by donors were as follows for the year ended December 31, 2022:

New Orleans Resilience Corps	\$ 2,018,657
Time Restrictions	290,000
California Launch	180,000
Narrative	<u>50,000</u>
Total	<u><u>\$ 2,538,657</u></u>

Note 7. Retirement Plan

The Organization offers a 401(k) employee benefit plan to all employees. Employees may elect to defer a portion of their annual compensation, limited to statutory requirements determined by law. The Organization's contribution matches 100% up to 4% of the employee's compensation, calculated each pay period. Employees are 100% vested upon entry date. Contributions to the plan totaled \$35,506 for the year ended December 31, 2022.

Note 8. Related-Party Transactions

Resilience Force had receivables due from RFCA which totaled \$26,802 as of December 31, 2022, which were eliminated upon consolidation.

Note 9. Concentrations, Commitments, and Contingencies

Litigation

In the normal course of business, the Organization is periodically in various legal proceedings incidental to its normal business activities. The resolution of such matters is not expected to have a material adverse effect on the Organization's financial position, changes in net assets, or cash flows.

RESILIENCE FORCE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Note 9. Concentrations, Commitments, and Contingencies (Continued)

Concentrations

The primary sources of revenues for the Organization are grants and contributions provided through various funding agencies. Continued operations are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding. In 2022, the Organization had three significant grantors that accounted for approximately 66% of total revenue. Those same grantors accounted for approximately 70% of outstanding grants receivable at December 31, 2022.

Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, October 12, 2023, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

RESILIENCE FORCE AND SUBSIDIARY
Consolidating Statement of Financial Position
December 31, 2022

	Resilience Force	Resilience Force California	Eliminations	2022 Consolidated Total
Assets				
Cash	\$ 861,565	\$ 1,478	\$ -	\$ 863,043
Accounts Receivable	-	9,600	-	9,600
Grants Receivable	571,700	-	-	571,700
Intra-Entity Receivables	8,802	18,000	(26,802)	-
Prepaid Expenses	17,174	-	-	17,174
Operating Lease Right-of-Use Assets, Net	26,058	-	-	26,058
Total Assets	\$ 1,485,299	\$ 29,078	\$ (26,802)	\$ 1,487,575
Liabilities and Net Assets				
Accounts Payable	\$ 11,170	\$ -	\$ -	\$ 11,170
Accrued Expenses	18,822	-	-	18,822
Intra-Entity Payables	18,000	8,802	(26,802)	-
Operating Lease Liabilities	26,058	-	-	26,058
Total Liabilities	74,050	8,802	(26,802)	56,050
Net Assets				
Without Donor Restrictions	839,549	20,276	-	859,825
With Donor Restrictions	571,700	-	-	571,700
Total Net Assets	1,411,249	20,276	-	1,431,525
Total Liabilities and Net Assets	\$ 1,485,299	\$ 29,078	\$ (26,802)	\$ 1,487,575

RESILIENCE FORCE AND SUBSIDIARY
Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Resilience Force	Resilience Force California	Eliminations	2022 Consolidated Total
Revenue and Other Support				
Grant Revenue	\$ 3,790,410	\$ -	\$ -	\$ 3,790,410
Contract Revenue	-	161,853	-	161,853
Contributions	14,997	-	-	14,997
Total Revenue and Other Support	3,805,407	161,853	-	3,967,260
Expenses				
Program Services				
New Orleans Resilience Corps	1,492,673	-	-	1,492,673
California Resilience Corps	-	141,577	-	141,577
Organizing	531,002	-	-	531,002
Policy and Advocacy	422,684	-	-	422,684
Public Narrative	543,337	-	-	543,337
Supporting Services				
General and Administration	794,842	-	-	794,842
Fundraising	423,505	-	-	423,505
Total Expenses	4,208,043	141,577	-	4,349,620
Change in Net Assets	(402,636)	20,276	-	(382,360)
Net Assets, Beginning of Year	1,813,885	-	-	1,813,885
Net Assets, End of Year	\$ 1,411,249	\$ 20,276	\$ -	\$ 1,431,525

RESILIENCE FORCE AND SUBSIDIARY
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2022

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statements of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Saket Soni, Executive Director

Purpose	Amount *
Salary	\$0
Severance	\$0
Benefits - Insurance	\$0
Benefits- Retirement	\$0
Benefits - Med icare	\$0
Benefits - Worker's Comp	\$0
Benefits- Unemployment	\$0
Cell Phone and iPad Dues	\$0
Uniforms	\$0
Per Diem	\$0
Travel	\$0
Reimbursements	\$0
Fuel Usage	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

*There were no compensation, benefits, or payments to the agency head that were derived from public funds, including state, local, and federal pass-through.

**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 Directors
Resilience Force and Subsidiary

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Resilience Force and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a significant deficiency. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-002.

Resilience Force's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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



A Professional Accounting Corporation

Metairie, LA
October 12, 2023

RESILIENCE FORCE AND SUBSIDIARY
Schedule of Findings and Responses
For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report: | Unmodified |
| 2. Internal control over financial reporting and compliance and other matters: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

Section II - Financial Statement Findings Section

2022-001 Governance and Oversight - Lack of Formal Board Meetings and Documentation of Actions of the Board of Directors

Condition: While performing the statewide agreed-upon procedures and the financial statement audit we noted that board meetings were not held formally, nor any actions of the board documented by Resilience Force.

Criteria: The bylaws of Resilience Force call for at least one meeting annually at an agreed upon time and location with written notice at least three days in advance. Formal board meetings are a critical practice for proper governance and oversight of an organization in the Board of Directors carrying out its primary responsibility for protecting the Organization's assets and carrying out its mission. Recording minutes of these meetings is essential to record the decisions and actions taken by the Board of Directors which may have legal, regulatory, accounting and financial reporting implications. In addition, due to the limited number of individuals in the accounting and finance area, who have access to the financial applications as well as administrative responsibilities, the need to document the Board of Director's review of financial information is necessary evidence of internal controls.

Cause: There are no formal board meetings held and documented.

Effect: Resilience Force has no record of decisions and actions made by the Board of Directors. Formal decisions that impact accounting and financial reporting may not be properly recorded and reported. Lack of documentation of decisions and actions can also expose the Organization to risks.

RESILIENCE FORCE AND SUBSIDIARY
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2022

Recommendation: Meetings of the Board of Directors should be scheduled and attended by a quorum of the Board. Minutes of the meetings should be accurately recorded and maintained.

Management's Response: Resilience Force Management and its Board of Directors are aware of the need to hold formal board meetings. They understand that board engagement and board meetings are crucial to the success of the organization and that the Board has a duty to ensure responsible and transparent governance and financial wellbeing of Resilience Force. Management and Resilience Force is working to schedule regular formal meetings and ensure that they actions of the Board is documented clearly.

2022-002 Late Submission of Annual Audit

Condition: The audit report for the year ended December 31, 2022 was not submitted to the LLA within six months after year-end.

Criteria: Louisiana Revised Statute (R.S.) 24:513 and 24:514 (the audit law) requires local government agencies to provide annual financial reports to the Louisiana Legislative Auditor (LLA) six months after the end of the fiscal period.

Cause: During the fiscal year, there were changes in senior staff along with hurricane-related work conflicts that delayed the selection of the auditor. This resulted in the audit process beginning later and ending beyond the LLA deadline.

Effect: Resilience Force is not in compliance with local audit law.

Recommendation: Resilience Force should adopt internal financial reporting control procedures to ensure that all future audits are completed and submitted in a timely manner to the LLA.

Management's Response: Resilience Force management and its Board of Directors are aware of the need to report within six months after the end of the fiscal period and have implemented processes to ensure adequate and timely financial reporting and completion of audit.

RESILIENCE FORCE
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

None.

AGREED-UPON PROCEDURES REPORT

Resilience Force

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2022 - December 31, 2022

To the Board of Directors of
Resilience Force
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on Resilience Force's (the Organization) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2022 through December 31, 2022. Resilience Force's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2022 through December 31, 2022. Additionally, the 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 results are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - 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.

Results: We noted that there was no written policy related to information technology disaster recovery/business continuity.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - 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.

Results: We were unable to perform these procedures as there were no formal board minutes maintained during the period.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of performing these procedures.

4) Collections (excluding electronic funds transfers)

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

Results: For step 4.C, we obtained the insurance policy noting that coverage was for directors and officers, not all employees. For step 4.D.i, the two deposits selected for testing were not listed on a source document other than the bank statement and thus were not sequentially pre-numbered. For step 4.D.iv, we were unable to perform the step on the two deposits as we could not ascertain the date the checks were received.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 - 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.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]*
- 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.

Results: No exceptions were found as a result of performing these procedures.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - 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 #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of performing these procedures.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - 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.

Results: Not applicable.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - 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.

Results: Not applicable.

9) Payroll and Personnel

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

Results: No exceptions were found as a result of performing these procedures.

10) Ethics

- 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.

Results: Not applicable.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were found as a result of performing these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- 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 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 procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- 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 1st, 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.

Results: Not applicable.

We were engaged by the Organization 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 Organization 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 on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA
October 12, 2023