
METANOIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

METANOIA, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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To the Board of Directors of Metanoia, Inc.
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Metanoia, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metanoia, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the agency head on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of Metanoia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 Metanoia, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metanoia, Inc.'s internal control over financial reporting and compliance.



Gonzales, Louisiana
June 17, 2025

METANOIA, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 807,070	\$ 489,415
Certificate of deposit	1,036,870	994,164
Contribution receivable	50,000	-
Grant receivables	48,975	39,375
Other receivables	34,711	61,876
Prepaid expenses	19,127	19,127
Total current assets	<u>1,996,753</u>	<u>1,603,957</u>
<u>PROPERTY AND EQUIPMENT, net</u>	<u>1,667,368</u>	<u>1,724,332</u>
TOTAL ASSETS	<u><u>\$ 3,664,121</u></u>	<u><u>\$ 3,328,289</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 15,586	\$ 17,110
Accrued expenses	<u>24,277</u>	<u>17,134</u>
TOTAL LIABILITIES	<u>39,863</u>	<u>34,244</u>

NET ASSETS

With donor restrictions	125,000	125,000
Without donor restrictions	<u>3,499,258</u>	<u>3,169,045</u>
TOTAL NET ASSETS	<u>3,624,258</u>	<u>3,294,045</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,664,121</u></u>	<u><u>\$ 3,328,289</u></u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>			
Contributions	\$ 547,350	\$ -	\$ 547,350
Contributions- donation in-kind	48,289	-	48,289
Contributions- special events	393,000	-	393,000
State grant revenue	309,002	-	309,002
Federal grant revenue	156,600	-	156,600
Interest	46,577	-	46,577
Other income	15,467	-	15,467
Net assets released from restrictions	-	-	-
Total revenues, gains, and other support	<u>1,516,285</u>	<u>-</u>	<u>1,516,285</u>
<u>EXPENSES</u>			
Program	766,517	-	766,517
Supporting services:			
Management and general	260,135	-	260,135
Fundraising	159,420	-	159,420
Total expenses	<u>1,186,072</u>	<u>-</u>	<u>1,186,072</u>
Change in net assets	330,213	-	330,213
NET ASSETS AT BEGINNING OF YEAR	<u>3,169,045</u>	<u>125,000</u>	<u>3,294,045</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,499,258</u>	<u>\$ 125,000</u>	<u>\$ 3,624,258</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions Restated	With Donor Restrictions	Total
OPERATING ACTIVITIES			
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>			
Contributions	\$ 419,926	\$ 20,000	\$ 439,926
Contributions- donation in-kind	44,154	-	44,154
Contributions- special events	220,759	-	220,759
State grant revenue	268,338	-	268,338
Federal grant revenue	211,360	-	211,360
Interest income	23,133	-	23,133
Other income	3,065	-	3,065
Net assets released from restrictions	20,000	(20,000)	-
Total revenues, gains, and other support	1,210,735	-	1,210,735
<u>EXPENSES</u>			
Program	676,607	-	676,607
Supporting services:			
Management and general	245,062	-	245,062
Fundraising	127,139	-	127,139
Total expenses	1,048,808	-	1,048,808
Change in net assets	161,927	-	161,927
NET ASSETS AT BEGINNING OF YEAR	3,007,118	125,000	3,132,118
NET ASSETS AT END OF YEAR	<u>\$ 3,169,045</u>	<u>\$ 125,000</u>	<u>\$ 3,294,045</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program	Management and General	Fundraising	Total Expense
Salaries and Benefits	\$ 167,156	\$ 94,025	\$ -	\$ 261,181
Advertising	1,780	1,002	-	2,782
Bank Charges and Fees	4,141	2,329	-	6,470
Building Facilities	16,214	9,121	-	25,335
Contract Services	217,102	-	55,000	272,102
Depreciation	50,105	28,184	-	78,289
Dues and Subscriptions	120	68	-	188
Fees	422	238	-	660
Insurance	85,658	48,182	-	133,840
Medical	13	8	-	21
Membership dues	704	396	-	1,100
Miscellaneous	1,544	868	-	2,412
Office Expense	5,778	3,250	-	9,028
Professional Fees	35,784	20,128	-	55,912
Printing and Postage	3,978	2,238	-	6,216
Repairs and Maintenance	860	484	-	1,344
Resident Expenses	56,159	-	-	56,159
Security	603	339	-	942
Summit	24,121	-	-	24,121
Supplies	45,155	25,399	-	70,554
Telephone Expense	11,646	6,551	-	18,197
Training	6,674	-	-	6,674
Auto and Travel Expenses	14,569	8,195	-	22,764
Utilities	16,231	9,130	-	25,361
Venue expense	-	-	104,420	104,420
Total expenses	<u>\$ 766,517</u>	<u>\$ 260,135</u>	<u>\$ 159,420</u>	<u>\$ 1,186,072</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program	Management and General	Fundraising	Total Expense
Salaries and Benefits	\$ 130,535	\$ 73,426	\$ -	203,961
Advertising	2,953	1,661	-	4,614
Bank Charges and Fees	479	269	-	748
Building Facilities	29,832	16,781	-	46,613
Contract Services	233,057	-	22,916	255,973
Depreciation	48,040	27,023	-	75,063
Insurance	70,952	39,910	-	110,862
Medical	911	512	-	1,423
Membership dues	768	432	-	1,200
Miscellaneous	3,567	2,006	-	5,573
Office Expense	15,226	8,564	-	23,790
Professional Fees	8,913	5,014	-	13,927
Printing and Postage	2,097	1,180	-	3,277
Repairs and Maintenance	6,787	3,817	-	10,604
Resident Expenses	9,516	5,352	-	14,868
Security	3,315	1,865	-	5,180
Summit	13,253	7,455	-	20,708
Supplies	54,787	30,818	-	85,605
Telephone Expense	9,406	5,291	-	14,697
Training	7,883	-	-	7,883
Auto and Travel Expenses	9,531	5,361	-	14,892
Utilities Expense	14,799	8,325	-	23,124
Venue Expenses	-	-	104,223	104,223
Total expenses	<u>\$ 676,607</u>	<u>\$ 245,062</u>	<u>\$ 127,139</u>	<u>\$ 1,048,808</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 330,213	\$ 161,927
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	78,289	75,063
(Increase) decrease in contribution receivables	(50,000)	0
(Increase) decrease in grant receivables	(9,600)	91,625
(Increase) decrease in other receivables	27,165	115,033
Increase in prepaid expenses	-	5,388
Increase (decrease) in accounts payable	(1,524)	9,611
Increase (decrease) in accrued expenses	7,143	(24,078)
Net cash provided by operating activities	<u>381,686</u>	<u>434,569</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(21,325)	(75,628)
Change in certificates of deposit	<u>(42,706)</u>	<u>(868,434)</u>
Net cash used in investing activities	<u>(64,031)</u>	<u>(944,062)</u>
 Net increase (decrease) in cash and cash equivalents	317,655	(509,493)
 Cash and cash equivalents, beginning of year	<u>489,415</u>	<u>998,908</u>
Cash and cash equivalents, end of year	<u>\$ 807,070</u>	<u>\$ 489,415</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Purpose

Metanoia, Inc. is a non-profit corporation which was organized to deliver a model program of recovery and rehabilitation for female youth victims of human sex trafficking. The decision-making body consists of 12 members who serve as the board of directors.

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Metanoia, Inc. These net assets may be used at the discretion of Metanoia Inc.'s management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue recognition – Metanoia, Inc. recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were not any conditional promises to give as of December 31, 2024 and 2023.

A portion of Metanoia, Inc.'s revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Metanoia, Inc. has incurred expenditures in compliance with specific contract or grant provisions. State funding is received for daily per diem for individuals in the state's legal custody/foster care.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measure of operations – The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Metanoia, Inc.'s ongoing program services. Nonoperating activities are limited to resources from activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents –Metanoia's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of six months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentrations of credit risk – Financial instruments that potentially subject Metanoia, Inc. to concentrations of credit risk consist principally of cash, cash equivalents and certificates of deposit. Metanoia, Inc. maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Metanoia, Inc.'s cash and cash equivalent accounts have been placed with a high credit quality financial institution. Metanoia, Inc. has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. At December 31, 2024 and 2023, contributions receivable is \$50,000 and \$0; respectively.

Property and equipment, net – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from three to forty years. Metanoia, Inc.'s policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. Metanoia, Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind donations – Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or service received. Metanoia, Inc. received donated food and building facility professional services of \$48,289 and \$44,154 for the years ended December 31, 2024 and 2023; respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Several volunteers have made significant contributions of their time in furtherance of Metanoia's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Program and management and general expenses were allocated based on time and effort. Fundraising expenses were actual cost.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income taxes – Metanoia, Inc. is exempt from income tax under Section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Metanoia, Inc. 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. Donors of money or property, or both, are entitled to the maximum charitable contribution deduction allowed by law. Management is unaware of any tax positions that would have a significant impact on its financial position.

Commitments and contingencies – Metanoia, Inc. participates in a federal grant program, which is governed by various rules and regulations of the grantor agency. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that Metanoia, Inc. has not complied with rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with rules and regulations governing the grant.

Financial Instruments and Credit Risk- Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. Insured amounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank each account ownership category. As of December 31, 2024 and 2023, Metanoia had approximately \$970,415 and \$759,282, respectively, in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk is associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies and foundations supportive of the Organization.

2. Availability and Liquidity

The following represents Metanoia, Inc.'s financial assets at December 31:

Financial assets at year-end:	2024	2023
Cash	\$ 807,070	\$489,415
Certificate of deposit	1,036,870	994,164
Other receivables	34,711	61,876
Contribution receivable	50,000	-
Grant receivables	48,975	39,375
Total financial assets	<u>\$1,977,626</u>	<u>\$1,584,830</u>

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

3. Risk Management

Metanoia, Inc. is exposed to various risks of loss to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Metanoia, Inc. has purchased commercial insurance to reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage. No settlements were made during the year that exceeded Metanoia's coverage.

4. Property and Equipment

Property and equipment, net consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 212,575	\$ 196,410
Building and improvements	<u>1,950,597</u>	<u>1,945,437</u>
	2,163,172	2,141,847
Less: accumulated depreciation	<u>(495,804)</u>	<u>(417,515)</u>
Property and equipment, net	<u>\$1,667,368</u>	<u>\$1,724,332</u>

Depreciation expense related to the property and equipment in service was \$78,289 and \$75,063 for the years ended December 31, 2024 and 2023; respectively.

5. Net Assets

For the year ended December 31, 2024 and 2023, net assets with donor restriction were in the amount of \$125,000 with a specific purpose to be used transitional housing.

6. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 17, 2025, and determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

METANOIA, INC.

**SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMEBER 31, 2024**

Agency Head: Mark Lusco, Board President

Purpose	Amount
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other (dental)	-
Benefits - other (GTL)	-
Dues	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
	<u>\$ -</u>

Note: Mark Lusco provides oversight as chairman of the Board. He does not receive any compensation, benefits and other payments from Metanoia, Inc.



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

To the Board of Directors of Metanoia, Inc.
Baton Rouge, Louisiana

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, the financial statements of Metanoia, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered Metanoia, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Metanoia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Metanoia, Inc.'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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metanoia, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Gonzales, Louisiana
June 17, 2025

METANOIA, INC.
SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2024

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Metanoia, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported on the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of Metanoia, Inc. which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

FINDINGS – COMPLIANCE

None noted.

METANOIA, INC.
SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

FINDINGS – COMPLIANCE

None noted.

METANOIA, INC.

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Metanoia, 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 January 1, 2024 through December 31, 2024. Metanoia, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Metanoia, 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 January 1, 2024 through December 31, 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

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 entity's operations:

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

- iii. **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

- 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).

Written policies and procedures were obtained and address the functions noted above.

- v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- Written policies and procedures were obtained and address the functions noted above.*
- 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.
- Written policies and procedures were obtained and address the functions noted above.*
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- Written policies and procedures were obtained and address the functions noted above.*
- viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of the statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- Written policies and procedures were obtained and address the functions noted above.*
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- Not applicable.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- Not applicable.*
- 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.
- Written policies and procedures were obtained and address the functions noted above with the exception of periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, process, and tools needed to recover operations after a critical event.*
- Management's response: We will update our policy for the items mentioned above.*
- 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.
- Not applicable.*
-

2) 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:

Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.

- i. Bank reconciliations include evidence that they were prepared within 1 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

3) 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).

Obtained a listing of deposit sites and management's representation that listing is complete.

- 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

Obtained a listing of collection locations and management's representation that listing is complete.

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

No exceptions noted.

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

No exceptions noted.

- iii. Each employee responsible for collecting cash is not 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

No exceptions noted.

- 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 responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

- 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 enforced during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #2A (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). *Alternately, 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.

Metanoia, Inc. does not use sequentially pre-numbered

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

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

No exceptions noted.

4) 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).

Obtained management's representation that listing is complete.

- B. For each location selected under procedure #4A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

No exceptions noted.

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

No exceptions noted.

- 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;

No exceptions noted.

- 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

No exceptions noted.

- 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.

No exceptions noted.

- C. For each location selected under procedure #4A 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

No exceptions noted.

- ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- 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.

No exceptions noted.

We were engaged by Metanoia, 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 Metanoia, 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.



Gonzales, Louisiana
June 17, 2025