

# **RECONCILE NEW ORLEANS, INC.**

Audits of Financial Statements

December 31, 2023 and 2022



## Contents

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<b>Independent Auditor's Report</b>	1 - 3
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### **Financial Statements**

Statements of Financial Position	4
Statement of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 19

---

### **Supplementary Information**

Schedule I - Schedule of Compensation, Benefits, and Other Payments to Agency Head	21
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<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	22 - 23
--	---------

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<b>Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance</b>	24 - 26
---	---------

---

<b>Schedule of Expenditures of Federal Awards</b>	27
---	----

---

<b>Notes to Schedule of Expenditures of Federal Awards</b>	28
--	----

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<b>Schedule of Findings and Questioned Costs</b>	29
--	----

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<b>Schedule of Prior Audit Findings</b>	30
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## **Independent Auditor's Report**

To the Board of Directors  
Reconcile New Orleans, Inc.  
New Orleans, Louisiana

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Reconcile New Orleans, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. 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 audits. 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 within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 accompanying supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 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 handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA  
June 6, 2024

**RECONCILE NEW ORLEANS, INC.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 987,726	\$ 1,618,719
Accounts Receivable	47,639	22,648
Grants Receivable	820,507	1,448,051
Contributions Receivable, Net	953,493	40,082
Prepaid Expenses and Other Assets	16,626	19,169
<b>Total Current Assets</b>	<b>2,825,991</b>	3,148,669
<b>Property and Equipment, Net</b>	<b>3,625,513</b>	3,756,447
<b>Total Assets</b>	<b>\$ 6,451,504</b>	\$ 6,905,116
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 90,951	\$ 135,540
Salaries, Taxes, and Withholdings Payable	70,433	61,123
Notes Payable, Current Portion	28,299	28,542
<b>Total Current Liabilities</b>	<b>189,683</b>	225,205
<b>Long-Term Liabilities</b>		
Notes Payable, Less Current Portion	946,416	967,178
<b>Total Long-Term Liabilities</b>	<b>946,416</b>	967,178
<b>Total Liabilities</b>	<b>1,136,099</b>	1,192,383
<b>Net Assets</b>		
Without Donor Restrictions	3,968,264	4,419,733
With Donor Restrictions	1,347,141	1,293,000
<b>Total Net Assets</b>	<b>5,315,405</b>	5,712,733
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,451,504</b>	\$ 6,905,116

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

**RECONCILE NEW ORLEANS, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Grants	\$ 475,021	\$ 90,000	\$ 565,021
Federal/State Funding	888,849	-	888,849
Contributions and Donations	410,713	1,000,000	1,410,713
Restaurant Sales	343,535	-	343,535
Catering Sales	123,103	-	123,103
Other Revenues, Net	12,857	-	12,857
Rental Income	6,700	-	6,700
Net Assets Released from Restrictions	1,035,859	(1,035,859)	-
<b>Total Revenue, Support, and Gains</b>	<b>3,296,637</b>	<b>54,141</b>	<b>3,350,778</b>
<b>Expenses</b>			
<b>Program Expenses</b>			
Workforce Development Program	2,846,972	-	2,846,972
<b>Supporting Services</b>			
Management and General	578,268	-	578,268
Fundraising	322,866	-	322,866
<b>Total Expenses</b>	<b>3,748,106</b>	<b>-</b>	<b>3,748,106</b>
<b>Change in Net Assets</b>	<b>(451,469)</b>	<b>54,141</b>	<b>(397,328)</b>
<b>Net Assets, Beginning of Year</b>	<b>4,419,733</b>	<b>1,293,000</b>	<b>5,712,733</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,968,264</b>	<b>\$ 1,347,141</b>	<b>\$ 5,315,405</b>

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

**RECONCILE NEW ORLEANS, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue, Support, and Gains</b>			
Grants	\$ 367,517	\$ 1,990,000	\$ 2,357,517
Federal/State Funding	1,161,673	-	1,161,673
Contributions and Donations	408,324	-	408,324
Restaurant Sales	292,635	-	292,635
Catering Sales	104,540	-	104,540
Other Revenues, Net	250,742	-	250,742
Net Assets Released from Restrictions	1,150,000	(1,150,000)	-
<b>Total Revenue, Support, and Gains</b>	<b>3,735,431</b>	<b>840,000</b>	<b>4,575,431</b>
<b>Expenses</b>			
<b>Program Expenses</b>			
Workforce Development Program	2,490,908	-	2,490,908
<b>Supporting Services</b>			
Management and General	715,980	-	715,980
Fundraising	203,498	-	203,498
<b>Total Expenses</b>	<b>3,410,386</b>	<b>-</b>	<b>3,410,386</b>
<b>Change in Net Assets</b>	<b>325,045</b>	<b>840,000</b>	<b>1,165,045</b>
<b>Net Assets, Beginning of Year</b>	<b>4,094,688</b>	<b>453,000</b>	<b>4,547,688</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,419,733</b>	<b>\$ 1,293,000</b>	<b>\$ 5,712,733</b>

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



**RECONCILE NEW ORLEANS, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program Services		Supporting Services		Total
	Workforce Development Program	Management and General	Fundraising		
Salaries	\$ 1,250,739	\$ 312,049	\$ 166,261	\$	1,729,049
Employee Benefits	275,135	58,696	68,227		402,058
Participant Assistance Expense	385,867	-	-		385,867
Cost of Sales - Food and Beverage	233,953	-	-		233,953
Depreciation	-	161,934	-		161,934
Contractual Services and Professional Fees	152,180	986	1,147		154,313
Utilities	119,647	-	-		119,647
Marketing and Public Relations	54,378	25,169	30,569		110,116
Operating Supplies	64,827	9,715	15,575		90,117
Insurance	77,579	-	-		77,579
Building and Equipment Repairs	76,003	-	-		76,003
Grant Writing Expense	37,105	5,500	18,190		60,795
Participant Meals	27,876	-	-		27,876
Technology and Software Maintenance	12,456	2,657	3,089		18,202
Telephone	15,484	-	-		15,484
Credit Card Fees	14,850	-	-		14,850
Other	-	(3,869)	18,630		14,761
Participant Uniforms	14,615	-	-		14,615
Interest and Bank Service Charges	9,103	1,013	1,178		11,294
Fees, Dues, and Subscriptions	8,819	-	-		8,819
Equipment Rental	7,903	-	-		7,903
Volunteer Expense	6,936	-	-		6,936
Storage	-	2,880	-		2,880
Travel	1,517	496	-		2,013
Postage and Delivery	-	1,042	-		1,042
<b>Total</b>	<b>\$ 2,846,972</b>	<b>\$ 578,268</b>	<b>\$ 322,866</b>	<b>\$</b>	<b>3,748,106</b>

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

**RECONCILE NEW ORLEANS, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Workforce</u>		<u>Management and General</u>	<u>Fundraising</u>	
	<u>Development Program</u>				
Salaries	\$ 1,150,565	\$ 371,435	\$ 112,977	\$ 1,634,977	
Employee Benefits	236,449	67,193	51,534	355,176	
Participant Assistance Expense	245,391	-	-	245,391	
Cost of Sales - Food and Beverage	221,166	-	-	221,166	
Depreciation	-	199,804	-	199,804	
Contractual Services and Professional Fees	138,149	50,326	912	189,387	
Utilities	123,238	-	-	123,238	
Building and Equipment Repairs	90,951	197	-	91,148	
Grant Writing Expense	55,971	6,350	12,708	75,029	
Operating Supplies	62,196	4,989	5,052	72,237	
Insurance	48,692	-	-	48,692	
Marketing and Public Relations	14,728	2,583	17,003	34,314	
Participant Meals	22,962	-	-	22,962	
Technology and Software Maintenance	10,443	2,968	2,276	15,687	
Telephone	15,023	-	-	15,023	
Participant Uniforms	14,560	-	-	14,560	
Credit Card Fees	12,608	-	-	12,608	
Interest and Bank Service Charges	9,627	1,351	1,036	12,014	
Equipment Rental	7,256	-	-	7,256	
Other	1,320	5,226	-	6,546	
Volunteer Expense	4,198	-	-	4,198	
Fees, Dues, and Subscriptions	4,107	-	-	4,107	
Storage	-	2,016	-	2,016	
Travel	1,308	317	-	1,625	
Postage and Delivery	-	1,225	-	1,225	
<b>Total</b>	<b>\$ 2,490,908</b>	<b>\$ 715,980</b>	<b>\$ 203,498</b>	<b>\$ 3,410,386</b>	

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

**RECONCILE NEW ORLEANS, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (397,328)	\$ 1,165,045
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation	161,934	199,804
(Increase) Decrease in Operating Assets		
Accounts Receivable	(24,991)	26,435
Grants Receivable	627,544	(707,519)
Contributions Receivable, Net	(913,411)	30,019
Prepaid Expenses and Other Assets	2,543	(9,657)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	(44,589)	41,289
Salaries, Taxes, and Withholdings Payable	9,310	6,596
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(578,988)</b>	<b>752,012</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property and Equipment	(31,000)	(20,850)
<b>Net Cash Used in Investing Activities</b>	<b>(31,000)</b>	<b>(20,850)</b>
<b>Cash Flows from Financing Activities</b>		
Payments on Notes Payable	(21,005)	(20,484)
<b>Net Cash Used in Financing Activities</b>	<b>(21,005)</b>	<b>(20,484)</b>
<b>Net (Decrease) Increase in Cash</b>	<b>(630,993)</b>	<b>710,678</b>
<b>Cash, Beginning of Year</b>	<b>1,618,719</b>	<b>908,041</b>
<b>Cash, End of Year</b>	<b>\$ 987,726</b>	<b>\$ 1,618,719</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest Expense Paid During the Year	\$ 4,353	\$ 4,874

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

## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### Note 1. Background and General Data

Reconcile New Orleans, Inc. (RNO) is a not-for-profit organization initially founded as LSF Foundation named Desire, Inc., incorporated on January 10, 1997, and changed to its current corporate name on October 21, 2002. RNO operates a workforce development program that supports the training and development of young people 16-24 as the next generation of professionals in the New Orleans community.

The program nurtures young people's professional and personal growth as they explore career or educational opportunities and develop job readiness skills to stand out in the marketplace. Participants earn industry credentials, explore career and educational pathways that suit their individual abilities, and experience real-world, on-the-job training in the training restaurant Café Reconcile. When community members enjoy a meal in the Café, they become active participants in the training experience, with 100% of all restaurant profits directly funding participant stipends, learning opportunities, and other program resources.

#### **Basis of Accounting**

The financial statements of RNO have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

#### Note 2. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The accompanying financial statements have been prepared to focus on RNO as a whole and to present its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RNO and changes therein are classified and reported in two classes of net assets - without donor restrictions and with donor restrictions, as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of RNO are included in this category.

*Net Assets With Donor Restrictions* - Net assets that include gifts and contributions for which donor-imposed restrictions have not been met. Some income is reflected in net assets with donor restrictions until utilized for donor-imposed restrictions.

Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as a decrease in net assets with donor restrictions.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Cash**

For the purposes of the statements of cash flows, RNO considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2023 or 2022.

**Revenue Recognition**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, requires revenues to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. This standard does not impact RNO's recognition of revenue from restaurant or catering sales as those sales are recognized on a cash basis at the time of the underlying sale and are presented net of sales tax and other sales-related taxes. Rental income is also not impacted by this standard as those revenues are subject to the guidance in ASC 840, *Leases*.

*Contributions, Donations, and Grants*

Contributions, donations, and grants are recorded as revenue when an unconditional promise to give has been made. Contributions, donations, and grants are considered available for RNO's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as increases in net assets with donor restrictions. Amounts received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

*State Funding*

A portion of RNO's revenue is derived from cost-reimbursable state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when RNO has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

# RECONCILE NEW ORLEANS, INC.

## Notes to Financial Statements

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### Note 2. Summary of Significant Accounting Policies (Continued)

#### Accounts Receivable

Prior to January 1, 2023, accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding accounts receivable and charges to expense any balances that are determined to be non-collectible or establishes an allowance for doubtful accounts. There was no allowance for doubtful accounts at December 31, 2022.

After adoption of FASB ASC 326-20 *Financial Instruments - Credit Losses* on January 1, 2023, management determines the allowance using an estimate of expected credit losses, applied to customer groupings with similar risk characteristics, based on historical experience, current economic conditions, and certain forward-looking information. Account balances are written-off against the established allowance when management determines it is probable the receivable will not be collected. As of December 31, 2023, there was no allowance recorded for credit losses.

#### Property and Equipment

Land, buildings, building improvements, furniture and fixtures, and equipment are recorded at cost or estimated cost. Donated items received are recorded at the fair value at time of receipt. RNO capitalizes all fixed asset acquisitions greater than \$1,000. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. Equipment purchased with grant funds that revert to the funding source are expensed at time of acquisition without consideration of cost. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized.

Buildings, building improvements, furniture and fixtures, and equipment are depreciated using the straight-line method and the following estimated useful lives:

<b>Assets</b>	<b>Estimated Useful Lives</b>
Buildings	20 Years
Building Improvements	15 Years
Furniture and Fixtures	5 Years
Equipment	5 Years
Other Assets	5 Years

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Impairment of Long-Lived Assets**

RNO reviews its long-lived assets, including property and equipment and other intangibles, for impairment when an event or change in facts and circumstances indicates that their carrying amount may not be recoverable, but at least annually. RNO determines recoverability of the assets by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. There were no such charges for impairment during the years ended December 31, 2023 and 2022.

**Income Taxes**

RNO is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain.

RNO believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

**Advertising Expense**

RNO expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023 and 2022 totaled \$25,071 and \$13,793, respectively.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, contractual services and professional fees, building and equipment repairs, grant writing expense, operating supplies, marketing and public relations, technology and software maintenance, interest and bank service charges, travel, and other, which are allocated on the basis of estimates of time and effort.

## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

##### Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

##### Recent Accounting Pronouncements

On January 1, 2023, RNO adopted Accounting Standard Update (ASU) 2016-13 and all subsequent ASUs that modified ASU 2016-13, which have been codified under ASC 326, *Financial Instruments - Credit Losses*. RNO adopted this guidance using the modified retrospective approach, as required, and has not adjusted prior period comparative information and will continue to disclose prior period financial information in accordance with previous accounting guidance. Adoption of ASC 326 to the estimate of the allowance for credit losses was insignificant.

#### Note 3. Contributions Receivable

At December 31, 2023 and 2022, amounts included in contributions receivable were as follows:

	2023	2022
Contributions Receivable	\$ 1,025,000	\$ 40,082
Less: Discount of Long-Term Contributions	(71,507)	-
<b>Contributions Receivable, Net</b>	<b>\$ 953,493</b>	<b>\$ 40,082</b>

Amounts due are as follows:

Year Ending December 31,	Amount
2024	\$ 357,500
2025	267,500
2026	200,000
2027	200,000
<b>Total</b>	<b>\$ 1,025,000</b>

Contributions receivable due in more than one year are discounted at rates ranging between 3.84% and 4.23%.



## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### Note 4. Concentration of Risk

RNO periodically maintains deposits in financial institutions that exceed the insured amount of \$250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). RNO believes it is not exposed to any significant credit risk to cash. At December 31, 2023 and 2022, the amount RNO had in excess of the FDIC insured limit totaled \$543,064 and \$1,203,104, respectively.

#### Note 5. Property and Equipment, Net

At December 31, 2023 and 2022, property and equipment consisted of the following:

	2023	2022
Land	\$ 264,402	\$ 264,402
Buildings and Improvements	4,790,170	4,790,170
Furniture and Fixtures	575,294	550,599
Equipment	625,064	618,759
Other Assets	12,250	12,250
	<u>6,267,180</u>	6,236,180
Less: Accumulated Depreciation	<u>(2,641,667)</u>	<u>(2,479,733)</u>
<b>Total Property and Equipment, Net</b>	<b><u>\$ 3,625,513</u></b>	<b><u>\$ 3,756,447</u></b>

Depreciation expense totaled \$161,934 and \$199,804 for the years ended December 31, 2023 and 2022, respectively.

#### Note 6. Commitments and Contingencies

RNO is a recipient of grants which are governed by contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of RNO and subject to audit and/or review by the applicable funding source. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are for the following purposes or periods:

	2023	2022
<b>Subject to Expenditure for Specific Purpose</b>		
Graduation Stipend	\$ 54,307	\$ 50,000
Workforce Grant	36,884	65,000
Executive Coaching	5,950	3,000
	<u>97,141</u>	<u>118,000</u>
<b>Subject to the Passage of Time</b>		
Available for General Use	<u>1,250,000</u>	<u>1,175,000</u>
<b>Total</b>	<u><u>\$ 1,347,141</u></u>	<u><u>\$ 1,293,000</u></u>

#### Note 8. Net Assets Released from Restrictions

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2023	2022
<b>Subject to Expenditure for Specific Purpose</b>		
Graduation Stipend	\$ 25,693	\$ -
Workforce Grant	28,116	-
Executive Coaching	7,050	-
	<u>60,859</u>	<u>-</u>
<b>Subject to the Passage of Time</b>		
Available for General Use	<u>975,000</u>	<u>1,150,000</u>
<b>Total</b>	<u><u>\$ 1,035,859</u></u>	<u><u>\$ 1,150,000</u></u>

## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### Note 9. Notes Payable

At December 31, 2023 and 2022, notes payable consisted of the following:

	2023	2022
On November 8, 2011, RNO executed a promissory note payable to Gulf Coast Housing Development, Inc. in the sum of \$765,828 to bear an interest rate of 0% through maturity at December 31, 2041. The entire principal balance of the note is due and payable in full at the earlier of December 31, 2041 or upon sale or refinance of the loan.	\$ 765,828	\$ 765,828
On November 8, 2011, RNO entered into a note payable with New Orleans Redevelopment Authority, a public entity, for \$350,000 to pay costs and expenses associated with the rehabilitation of the building located at 1631 Oretha Castle Haley Boulevard with a stated interest rate of 2% per annum. The note matures on the earlier of the borrower's sale or refinance of the property or fifteen (15) years from the date of issuance of the building's temporary or permanent certificate of occupancy, not to exceed sixteen (16) years from the date of the loan agreement. Such payments shall commence one (1) year following issuance of a temporary or permanent certificate of occupancy. The loan is payable in monthly installments.	208,887	229,892
Total Notes Payable	974,715	995,720
Less: Current Portion of Notes Payable	(28,299)	(28,542)
<b>Total Notes Payable, Less Current Portion</b>	<b>\$ 946,416</b>	<b>\$ 967,178</b>

## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### Note 9. Notes Payable (Continued)

Future scheduled maturities of notes payable are as follows:

Year Ending December 31,	Amount
2024	\$ 28,299
2025	21,282
2026	21,821
2027	22,373
2028	788,767
Thereafter	92,173
<b>Total</b>	<b>\$ 974,715</b>

The \$350,000 note payable noted above is separated into two promissory notes: Promissory note A, totaling \$305,462, of which the terms are explained above, and Promissory note B, totaling \$44,538. Promissory note B states that RNO shall have no obligations to make any payment on the note if there is no default in any of the conditions agreed to. At the maturity date of this note, if all conditions are met, the \$44,538 will be recognized as income.

#### Note 10. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash	\$ 987,726	\$ 1,618,719
State Funding Receivable	323,509	320,551
Trade Receivables	46,991	16,116
<b>Total</b>	<b>\$ 1,358,226</b>	<b>\$ 1,955,386</b>

As part of its liquidity management plan, RNO invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

## RECONCILE NEW ORLEANS, INC.

### Notes to Financial Statements

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#### **Note 11. Employee Retention Credit**

The Employee Retention Credit (ERC) was originally introduced under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, but was later extended and expanded under the Consolidated Appropriations Act. The ERC is a refundable tax credit against certain employment taxes related to qualified wages, including certain health care costs, an eligible employer paid to employees after March 12, 2020 and before October 1, 2021.

RNO has determined that it qualifies for the ERC program and is eligible for the credit. RNO has applied for the ERC and has filed amended payroll tax returns for 2021 and 2020. In accordance with FASB ASC 958-605, the ERC funds are deemed a conditional grant. Conditions for this grant include incurring qualifying expenses.

RNO received \$289,349 refundable tax credits during the year ended December 31, 2022 related to the ERC which have been recognized as other revenue, net, in the statements of activities as conditions have been substantially met.

#### **Note 12. Retirement Plan**

Effective January 1, 2021, a traditional 401(k) Safe Harbor plan was established in which RNO participates. Employees are eligible to enroll in the plan after 60 days of employment and can contribute up to the federally designated limit. RNO contributions are limited to the maximum of four percent (4%) of an eligible employee's total compensation. These contributions include a three percent (3%) safe harbor election and a one quarter percent (0.25%) match for each one percent (1%) contributed by the employee up to a maximum of one percent (1%). Retirement plan expense for RNO totaled \$40,035 and \$33,819 for the years ended December 31, 2023 and 2022, respectively.

#### **Note 13. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 6, 2024, and determined the following event requires disclosure:

On February 9, 2024, RNO received a \$4,000,000 unrestricted grant.

No further subsequent events occurring after June 6, 2024 have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**RECONCILE NEW ORLEANS, INC.**  
**Schedule of Compensation, Benefits, and Other Payments to**  
**Agency Head**  
**For the Year Ended December 31, 2023**

**Schedule I**

**Agency Head**  
 Kheri Billy, Chief Executive Officer

<b>Purpose</b>	<b>Amount</b>
Salary	\$130,534
Bonus	\$0
Benefits - Insurance	\$16,240
Benefits - Retirement	\$4,747
Benefits - Other	\$521
Car Allowance	\$0
Vehicle Provided by Organization	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Miscellaneous Expenses	\$0

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 to be reported as a supplemental report within the financial statement or local government 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 received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**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  
Reconcile New Orleans, Inc.  
New Orleans, 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 Reconcile New Orleans, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2023, 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 6, 2024.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
June 6, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors  
Reconcile New Orleans, Inc.  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Reconcile New Orleans, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of Reconcile New Orleans, Inc. as of and for the year ended December 31, 2023, and have issued our report thereon dated June 6, 2024, which contained an unmodified opinion on those financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
June 6, 2024

**RECONCILE NEW ORLEANS, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

Federal Grantor or Pass-Through Grantor and Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures Incurred During the Year Ended December 31, 2023
<b>U.S. Department of Labor</b>			
Passed through Strive International, Inc. (STRIVE) STRIVE Future Leaders Education and Advancement Partnership (Future LEAP)	17.270	YF-36574-21-60-A-36	\$ 188,234
<b>Total U.S. Department of Labor</b>			<u>188,234</u>
<b>U.S. Department of Agriculture, Food and Nutrition Services USDA</b>			
Passed through The State of Louisiana Department of Children and Family Services SNAP Cluster State Administrative Matching Grants for Food Stamp Program (SNAP)	10.561	LA420142	<u>651,372</u>
<b>Total U.S. Department of Agriculture, Food and Nutrition Services USDA</b>			<u>651,372</u>
<b>Total SNAP Cluster</b>			<u>651,372</u>
<b>Delta Regional Authority (DRA)</b>			
Delta Workforce Program Grant	90.200	DRA23DWPLA-23167	<u>37,848</u>
<b>Total Delta Regional Authority</b>			<u>37,848</u>
<b>U.S. Department of Health and Human Services</b>			
Administration for Children and Families Community Based Child Abuse Prevention (CBCAP) Passed through Louisiana Children's Trust Fund (LCTF) Louisiana Children's Trust Fund Grant	93.590	2000756192	<u>11,395</u>
<b>Total U.S. Department of Health and Human Services</b>			
<b>Total Expenditures of Federal Awards</b>			<u>\$ 888,849</u>

**RECONCILE NEW ORLEANS, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2023**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Reconcile New Orleans, Inc. (RNO) under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of RNO, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of RNO.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

RNO uses indirect cost rates negotiated and approved by the grant awarding agencies, and has elected not to use the 10% de minimis indirect cost rate as provided for in Section 200.414 of the Uniform Guidance.

**RECONCILE NEW ORLEANS, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2023**

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**Section I. Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
STRIVE Future Leaders Education and Advancement Partnership (Future LEAP)	17.270

Dollar threshold used to determine Type A Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**Section II. Financial Statement Findings**

None.

**Section III. Findings and Questioned Costs for Federal Awards**

None.

**RECONCILE NEW ORLEANS, INC.**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2023**

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None.



**AGREED-UPON PROCEDURES REPORT**  
Reconcile New Orleans, Inc.

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2023 - December 31, 2023**

To Board of Directors  
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) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Reconcile New Orleans, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Reconcile New Orleans, 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, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**1) *Written Policies and Procedures***

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- 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:** No exceptions were found as a result of these procedures.

## **2) Board or Finance Committee**

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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

### **3) Bank Reconciliations**

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- 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

### **4) Collections (excluding electronic funds transfers)**

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

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Not applicable.**

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

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

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

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

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- 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 #7B 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 these procedures.

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

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- 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](http://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.

**Not applicable.**

## **8) Contracts**

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- 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:** No exceptions were found as a result of these procedures.

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

## **10) Ethics**

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- 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.

**Not applicable.**

## **11) Debt Service**

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- 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).

**Not applicable.**

## ***12) Fraud Notice***

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- 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 these procedures.

## ***13) Information Technology Disaster Recovery/Business Continuity***

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- 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 Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

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

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

#### **14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Not applicable.**

We were engaged by Reconcile New Orleans, 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 Reconcile New Orleans, 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.

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

A Professional Accounting Corporation

Covington, LA  
June 6, 2024