

**THE LEONA TATE FOUNDATION FOR CHANGE
FINANCIAL AND COMPLIANCE AUDIT TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED MARCH 31, 2022



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Member
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
{ SEQ CHAPTER \h \r 1} **THE LEONA TATE FOUNDATION FOR CHANGE**
New Orleans, Louisiana

I have audited the accompanying financial statements of **THE LEONA TATE FOUNDATION FOR CHANGE (LTFC)**, which comprise the statement of financial position as of March 31, 2022, and the related statements of activity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibility, Continued

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **LTFC** as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenditures 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 consolidated 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



VGR, CPA
New Orleans, Louisiana

February 22, 2023

LEONA TATE FOUNDATION FOR CHANGE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2022

ASSETS

Assets:

Current Assets:

Cash and Cash equivalents (NOTE 2)	615,432
Accounts Receivable	1,500
Grants Receivable	37,500
Prepaid expenditures	10,625
Investments	3,496,400

Total assets	4,161,457
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LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts Payable	4,869
Notes payable (NOTE 6)	1,900,000

Total liabilities	1,904,869
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Net Assets (NOTE 2):

Without donor restrictions-	757,775
With donor restrictions-	1,498,813

Total net assets	2,256,588
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Total liabilities and net assets	4,161,457
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The accompanying notes are an integral part of these financial statements

LEONA TATE FOUNDATION FOR CHANGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

<u>INCOME</u>	<u>Without donor</u> <u>Restrictions</u>	<u>With donor</u> <u>Restrictions</u>	<u>Total</u>
Governmental Grants	\$ -	\$ 559,687	\$ 559,687
Contributions and Donations	131,442	490,000	621,442
Merchandise Sales	2,283	-	2,283
In-Kind Donations	9,000	-	9,000
Released from restrictions	<u>33,641</u>	<u>(33,641)</u>	<u>-</u>
Total Income	176,366	1,016,046	1,192,412
 <u>EXPENSES</u>			
Program Services	358,627	-	358,627
Support Services	50,511	-	50,511
Fundraising	<u>28,135</u>	<u>-</u>	<u>28,135</u>
Total Expenses	437,273	-	437,273
 Change in net assets	 (260,907)	 1,016,046	 755,139
Net assets, beginning of year	455,136	1,046,313	1,501,449
Net assets, end of year	194,229	2,062,359	2,256,588

The accompanying notes are an integral part of these financial statements

LEONA TATE FOUNDATION FOR CHANGE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022

Cash Flows from Operating Activities

Change in net assets	\$ 755,139
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in prepaid Insurance	(10,625)
Increase in grants receivable	(37,500)
Increase in accounts receivable	(1,500)
Increase in accounts payable	4,869
Increase in notes payable	1,088,296
Net cash provided by operating activities	<u>1,798,679</u>

Cash Flows from Financing Activities

Increase in investment	<u>(1,326,604)</u>
Net cash used in financing activities	<u>(1,326,604)</u>
Net increase in cash and equivalents	472,075
Cash and cash equivalents - beginning of year	<u>143,357</u>
Cash and cash equivalents - end of year	<u><u>\$ 615,432</u></u>

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

LEONA TATE FOUNDATION FOR CHANGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	19,583	5,833	5,833	31,249
Payroll Taxes	1,498	446	446	2,390
Stipend Expenses	10,536	7,311	-	17,847
Office Expense	3,457	864	-	4,321
Contract Services	200,790	500	-	201,290
Program Supplies and Materials	22,016	-	-	22,016
Equipment rental	-	2,434	-	2,434
Occupancy	10,152	2,538	-	12,690
Insurance	4,007	3,608	-	7,615
Bank Charges and Fees	-	540	-	540
Dues and Subscriptions	2,302	575	-	2,877
Donation and Sponsorship	-	2,387	-	2,387
Board Expenses	-	40	-	40
Printing Copying and Postage	1,028	182	-	1,210
Repairs and Maintenance	-	7,311	-	7,311
Marketing	-	-	1,481	1,481
Telephone and Internet	1,793	448	-	2,241
Payroll Expenses	-	143	-	143
Equipment expenses	809	-	-	809
Travel	1,682	244	-	1,926
Meals	720	180	-	900
License and Permits	-	160	-	160
Miscellaneous Expense	-	1,624	-	1,624
Other Events	78,254	-	-	78,254
Professional Services	-	13,143	20,375	33,518
Total	<u>358,627</u>	<u>50,511</u>	<u>28,135</u>	<u>437,273</u>

The accompanying notes are an integral part of these financial statements

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION:

Founded in 2009, **the Leona Tate Foundation for Change (LTFC)** is a local, non-for-profit 501(c)(3) racial equality educational center that is dedicated to educating the public, in particular young people, on the lessons of Civil Rights and minorities' struggle for quality.

The Leona Tate Foundation for Change's (LTFC) mission is

- To promote, improve and enhance racial equality through various avenues of education.
- To empower and enrich our communities from a spiritual, multicultural, economical, historical, and social perspective.

LTFC is dedicated to preserving, interpreting, and disseminating the story of the Civil Rights struggle for equal education in New Orleans, by sharing the story of the three African American girls who integrated McDonogh #19 in 1960. LTFC seeks to reach people of all ages and ethnicities, with a special emphasis on educating young people about these struggles.

Leona Tate is frequently invited to schools and universities to share her story. She seeks to inspire young people by acquainting them with the courage of ordinary people in the struggle for equality. LTFC devotes her time in educating new generations and encouraging their participation in ongoing efforts to build a more just society.

The lead project of the foundation is to preserve and re-purpose the McDonogh #19 school as a memorial museum and multi-purpose center in New Orleans, with significant goals:

- Preserve the building as a memorial site to the courage of three African American girls and their families in the fight for equal rights and equal education.
- Create a permanent exhibition that will attract, engage, and educate local, national and international visitors in the history of the civil rights struggle for equal education in New Orleans.
- Develop educational programs that address the needs of the community.
- Stimulate the depressed economy of the Lower Ninth Ward and serve as a strong community anchor to enhance economic vitality.

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION:Continued

On January 31, 2020, LTFC commenced a joint venture with The Tate, Etienne & Prevost Center is the redevelopment of the historic McDonogh 19 school and cafeteria buildings in New Orleans' Lower 9th Ward into an interpretive center, anti-racism training space, and 25 affordable senior apartments by the Leona Tate Foundation for Change (LTFC) and Alembic Community Development (Alembic). The \$16.2 million development was completed in January 2022.

The partnership between LTFC and Alembic, LTFC-Alembic, LLC, received New Markets Tax Credits financing and generated federal and state Historic Tax Credits. Federal HTCs were allocated to TEP Master Tenant, LLC, in exchange for equity investments; this entity holds a lease on the property from LTFC-Alembic, LLC, and is responsible for operating the property. LTFC received grant and loan funds from federal and City of New Orleans programs, which it contributed to the project through a wholly owned entity, TEP Leverage Lender, LLC. This entity also secured construction and permanent loans in order to be loaned to an investment fund that aggregated funding to make the NMTC loans to LTFC-Alembic, LLC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The organization prepares its financial statement in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for the not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Principles of Accounting

LTFC is a non-profit community based organization whose financial statements are prepared on the accrual basis. **LTFC** has also been classified as an entity that is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions as provided by Section 170(b)(1)(A)(vi).

LTFC's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, for the years ending March 31, 2019, 2020 and 2021 are subject to examination by the IRS,

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Continued

generally for three years after they were filed.

LTFC's exempt status is recognized by the State of Louisiana. Accordingly, no provision has been made in the financial statements for federal or state income taxes.

Basis of Accounting

The financial statements of LTFC are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

LTFC has adopted the provisions of FASB Accounting Standards Codification, Topic 958, "Accounting for Not-for-Profit Entities", and reports its financial position and activities according to two classes of net assets according to externally (donor) imposed restrictions.

A description of the two net asset categories is as follows:

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

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

Net Assets Continued

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

As of March 31, 2022, **LTFC** had \$1,498,813.00 in restricted net assets.

Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, **LTFC** considers all short-term, highly liquid investments with maturity of three months or less at the time of purchase to be cash equivalents.

Concentration of credit risk

LTFC maintains cash balances with two regional banks. The Federal Deposit Insurance Corporation (FDIC) provides on non-interest bearing accounts and all other deposits up to \$250,000. At March 31, 2022, **LTFC** deposits at one bank, at times, exceed federally insured limits. **LTFC** has not experienced any losses in such accounts. **LTFC** believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. The investments as of March 31, 2022, were \$3,496,400. The investments are not actively traded, the levels in the fair value hierarchy were level 3 (see note 4).

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

Pledge Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received.

Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Pledges' receivable are net of any uncollectible pledges. As of March 31, 2022, the Foundation did not have any recognized pledges receivable.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over estimated useful lives ranging from three (3) to seven (7) years.

Revenue Recognition

Contract revenues and grant revenues from federal, state and private grants structured as exchange transactions are recognized when earned. Contributions are recognized upon receipt or when a donor makes a promise to give that is, in substance, unconditional. Grants (if considered nonexchange transactions) are classified as contributions and when received or substantially unconditionally promised are recorded as without

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

donor restriction or with donor restriction support, depending on the existence and/or nature of any restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Deferred revenues arise when resources are received by LTFC before it has a legal claim to them. In subsequent periods, when LTFC has legal claim to the resources, current period revenue is recognized, and deferred revenue is reduced.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant receives from federal agency is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Functional Allocation of Expenses

The costs of providing LTFC various programs and activities have been summarized on a functional basis in the statement of activities.

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

Functional Allocation of Expenses: Continued

Accordingly, certain costs have been allocated among programs and supporting services benefitted based on time and effort, square footage utilized and full-time equivalents, as applicable.

Income taxes

LTFC is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is exempt from similar state and local taxes.

The preparation of financial statements in accordance with US GAAP requires **LTFC** to report information regarding its exposure to various tax positions taken by **LTFC**. **LTFC** has determined whether any tax positions have met the recognition threshold and has measured **LTFC**'s exposure to those tax positions. Management believes that **LTFC** has adequately addressed all relevant tax positions and that there are no unrecorded tax

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, 2022, are:

Financial assets:	
Cash and cash	\$ <u>615,432</u>
equivalents	
Total	\$ <u>615,432</u>

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 -FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES:

ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **LTFC's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

- Level 1 -Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 -Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **LTFC's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. All investments are considered level 1 investments.

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES: CONTINUED

The carrying value and the estimated fair values of **LTFC's** financial instruments at March 31, 2022 are as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 615,432	\$ 615,432
Accounts Receivable	1,500	1,500
Grants Receivable	37,500	37,500
Accounts Payable	4,870	4,870
Notes Payable	1,900,000	1,900,000

NOTE 5 – INVESTMENT

The Foundation owns 100% of TEP Manager LLC, and TEP Manager LLC owns 50.1% of LTFC- Alembic. At the end of the fiscal year 2022, the investment in investee is \$3,496,400.

NOTE 6 – NOTES PAYABLE

On April 21, 2020, LTFC executed a Project Funding loan under the Office of Community Development, (OCD) Forgivable loan program for a total of \$2 Million Dollars. The loan is an interest free loan that was issued through the City of New Orleans as a forgivable loan, so long as the recipient fulfills its obligation. The loan proceeds were utilized as partial funding for the rehabilitation of twenty-five multifamily affordable rental housing units that was completed in January 2022.

Out of the total \$2 Million approved loan, a total of \$1,900,000 was utilized towards the project funding for the audited period and the total loan amounts will become forgiven upon the satisfaction of the entire obligations as set forth in the agreement signed by both parties.

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – EVENT FUNDRAISING

LTFC is engaged in multi-cultural activities that requires periodic fundraising as an operational activity. Revenue from these fundraising activities are recognized as program income and the relevant expenses incurred for such activities are program expenditures. During the year ended

March 31, 2022, total of \$28,135 was expended in relevant fundraising events, including Proclamation Day and other events.

NOTE 8 – IN- KIND CONTRIBUTIONS

LTFC also receives in- kind contributions in a form other than cash, the organization receives a contribution of rental buildings or equipment. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions, LTFC was recognized contributions and expenses for use of facilities for the year end March 31, 2022, in amount of \$9,000.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Foundation receives funds through various local, state and federal agencies that are governed by various rules and regulations of the grantors. Expenses charged to the grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been made in the accompanying financial statements for such contingencies.

Amounts received may be restricted per donor specification. Failure by the Foundation to comply with donor specifications may result in the donor requesting that the contribution be returned. As of March 31, 2022, the Foundation has met all donor specifications on all without donor restrictions and with donor restrictions contributions, and accordingly, no provision has been made for any liabilities that might arise from noncompliance.

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – COMMITMENTS AND CONTINGENCIES: CONTINUED

The Foundation is supported by contributions from individuals as well as from local businesses. Contributions are fairly spread out among the local greater New Orleans region; therefore, there is no concern of a concentration of risk from a few or small group of contributors or any one donor. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

NOTE 10 – RELATED PARTY TRANSACTIONS

There were no related party transactions for the fiscal year ended March 31, 2022.

NOTE 11 – BOARD OF DIRECTORS

The board of directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended March 31, 2022.

NOTE 12 – SUBSEQUENT EVENTS

Management is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. LTFC performed such an evaluation through March 23, 2023, the date which the financial statements were available to be issued.

LEONA TATE FOUNDATION FOR CHANGE, INC
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended March 31, 2022

Federal Grantor/Pass Through Grantors/Program Title	GRANTOR PASS. THROUGH CONTRACT #	FEDERAL CFDA NUMBER	PROGRAM OR AWARD AMOUNTS	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development (HUD)				
Passed through City of New Orleans				
Community Development Block Grants/ Entitlement Grants	CBDG2018-003	14.218	1,008,296	\$ 1,008,296
United States Department of the Interior				
National Park Service Conservation, Protection, Outreach, & Education	P20-AP00-127	15.904	500,000	500,000
National Park Service Conservation, Protection, Outreach, & Education	P20-AP00-368	15.929	59,687	59,687
Total U.S. Department of the Interior			559,687	559,687
Total Federal Awards			1,567,982	1,567,982

THE LEONA TATE FOUNDATION FOR CHANGE
NOTES TO THE FINANCIAL STATEMENTS

Note 1- Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Leona Tate Foundation for Change, Inc., and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2

U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

Leona Tate Foundation for Change, Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Non-Cash Assistance

No federal awards were expended in the form of non-cash assistance during the fiscal year ended March 31, 2022.

Note 5 – Relationship to Financial Statements

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.



INDEPENDENT AUDITOR'S 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
Leona Tate Foundation for Change, Inc
New Orleans, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Leona Tate Foundation for Change, Inc (LTFC)** (a non-profit organization) which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 22, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **LTFC'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **LTFC's** internal control. Accordingly, I do not express an opinion on the effectiveness of **LTFC's** internal control.

INDEPENDENT AUDITOR'S 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*

(CONTINUED)

Internal Control Over Financial Reporting, Continued

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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **LTFC's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S 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*

(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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; however under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



VGR, CPA
New Orleans, Louisiana

February 22, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Leona Tate Foundation for Change, Inc
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the **Leona Tate Foundation for Change, Inc's (LTFC's)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **LTFC's** major federal programs for the year ended March 31, 2022. **LTFC's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of **LTFC's** major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(CONTINUED)

Auditor's Responsibility, Continued

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 of Federal Awards*. Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **LTFC's** compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of **LTFC's** compliance.

Opinion on Each Major Federal Program

In my opinion, **LTFC** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

Report on Internal Control over Compliance

Management of **LTFC** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered **LTFC's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of **LTFC's** internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(CONTINUED)

Report on Internal Control over Compliance, Continued

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

My consideration of internal over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.


VGR, CPA

New Orleans, Louisiana

February 22, 2023

THE LEONA TATE FOUNDATION FOR CHANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022

SCHEDULE I - Summary of the Independent Auditor's Results

1. Type of report issued on the financial statements. **Unmodified opinion**
2. Did the audit disclose any significant deficiencies in internal control? **No**
3. Did the audit disclose any material weaknesses in internal control? **No**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization? **No**
5. Did the audit disclose any significant deficiencies in internal control over major programs? **No**
6. Did the audit disclose any material weaknesses in internal control over major programs? **No**
7. Type of report issued on compliance for major programs. **Unmodified**
8. Did the audit disclose any audit findings which the independent auditors are required to report under 2 CFR Section 200.516(a)? **No**
9. Was a management letter issued? **No**
10. The following is an identification of major programs:

<u>CFDA or Contract Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants/ Entitlement Grants
11. The dollar threshold used to distinguish between Type A and Type B Programs, as described in Uniform Guidance 2 CFR Section 200.518(b) was **\$750,000**.
12. Did the auditee qualify as a low risk auditee under Uniform Guidance 2 CFR Section 200.520? **No**

**THE LEONA TATE FOUNDATION FOR CHANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022, CONTINUED**

SCHEDULE II - Financial Statement Findings

None noted.

SCHEDULE II
FINANCIAL STATEMENTS FINDING

**THE LEONA TATE FOUNDATION FOR CHANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022, CONTINUED**

SCHEDULE II - Financial Statement Findings, Continued

INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:

Audit Finding Reference Number

2022-001 - Untimely Submission of Audit Report

Criteria

Pursuant to the requirement of Louisiana Statute R.S. 24:513 a. (5)(a)(i), annual financial reports shall be completed within six (6) months of the close of an entity's fiscal year, and according to Uniform Guidance 2 CFR Part 200.512(a), Single audits are required to be completed and the data collection form and reporting package submitted within the earlier of thirty (30) days after receipt of the auditor's report, or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit. If the due date falls on a Saturday, Sunday or federal holiday, the reporting package is due the next business day.

Conditions and Perspective

The March 31, 2022 audit report was not submitted within the prescribed time frames.

Cause

Management failed to ensure that the audit report was issued within prescribed timeliness.

Effect

LTFC has not complied with the audit requirement of the State of Louisiana or the Federal government

**THE LEONA TATE FOUNDATION FOR CHANGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022, CONTINUED**

SCHEDULE II - Financial Statement Findings, Continued

INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:

Audit Finding Reference Number

2022-001 - Untimely Submission of Audit Report, continued:

Recommendation

I recommend that the management of LTFC take steps to ensure that the financial audit is submitted within the prescribed state and Federal deadlines.

Management's Response

Due to significant changes in the Board membership and staffing during 2022, LTFC was unable to complete and submit the 2022 audit report timely. The current Board is working to ensure that resources are available for timely financial reporting going forward.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the **Governing Board of THE LEONA TATE FOUNDATION FOR CHANGE** and the Louisiana Legislative Auditor:

I 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 **April 1, 2021 through March 31, 2022**. LTFC's management is responsible for those C/C areas identified in the SAUPs.

THE LEONA TATE FOUNDATION FOR CHANGE (LTFC) 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 **April 1, 2021 through March 31, 2022**. 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:

Written Policies and Procedures

1. 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:¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***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.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **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).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics²**, 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results of Procedures: I noted no exceptions to the above procedures.

Board or Finance Committee³

2. 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:
 - a) 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.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) 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.

Results of Procedures: I noted no exceptions to the above procedures.

Bank Reconciliations

3. 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 accounts⁶ (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:

- a) 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);
- b) 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
- c) 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 of Procedures: I noted that the bank reconciliation is not reviewed by a management staff or a board member that does not post transactions to the general ledger or issues checks

Collections (excluding electronic funds transfers)⁷

4. Obtain a listing of deposit sites⁸ 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).
5. For each deposit site selected, obtain a listing of collection locations⁹ 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:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) 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.
 - c) 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

⁷ The Collections category is not required to be tested if the entity has a third party contractor performing all collection functions (i.e., receiving collections, preparing deposits, and making deposits).

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results of Procedures: I noted no exceptions to the above procedures.

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

8. 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).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) 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.

- d) 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 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:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results of Procedures: I noted no exceptions to the above procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹⁰. Obtain management's representation that the listing is complete.
12. 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:
 - a) 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should

have 10 transactions subject to testing)¹¹. For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results of Procedures: I noted no exceptions to the above procedures.

Travel and Travel-Related Expense Reimbursements¹² (excluding card transactions)

14. 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, 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:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([HYPERLINK "http://www.gsa.gov" ↴](http://www.gsa.gov)).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe 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 policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Procedures: I noted no exceptions to the above procedures.

Contracts

15. 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. *Alternately, 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:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹³ (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe 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, was approval documented).
- d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

Results of Procedures: I noted no exceptions to the above procedures.

Payroll and Personnel

16. Obtain a listing of employees and officials¹⁴ 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials¹⁵ documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

18. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. 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 of Procedures: I noted no exceptions to the above procedures.

Ethics¹⁶

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results of Procedures: I noted no exceptions to the above procedures.

Debt Service¹⁷

21. 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 State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results of Procedures: I noted no exceptions to the above procedures.

Fraud Notice

23. 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.
24. Observe the entity has posted, on its premises¹⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁹

Results of Procedures: I noted the entity did not post, on its premises[18] and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.[19]no exceptions to the above procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) 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.

Results of Procedures: I noted no exceptions to the above procedures.

Sexual Harassment²⁰

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe 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).
28. 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 it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results of Procedures: I noted the entity has not 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.

I was engaged by **LTFC** 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 was 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 **LTFC** 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.



VGR, CPA

New Orleans, Louisiana

August 9, 2023