

**BATON ROUGE CAPITAL
CONFLICT OFFICE, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDING
DECEMBER 31, 2021 AND 2020**

Table of Contents

Independent Auditors' Report	1-3
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-12
Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer	13
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15
Schedule of Findings and Questioned Costs	16
Schedule of Prior Year Audit Findings	17
Independent Accountant's Report on Applying Agreed-Upon Procedures	18-26

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, LA

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Baton Rouge Capital Conflict Office, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Capital Conflict Office, Inc. as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards 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 Baton Rouge Capital Conflict Office, Inc. 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 these financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Baton Rouge Capital Conflict Office, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Exercise professional judgement 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 Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Baton Rouge Capital Conflict Office, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

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

The Statewide Agreed Upon Procedures are not a required part of the basic financial statements but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting and compliance.



Daigrepont & Brian, APAC
Baton Rouge, LA

June 23, 2022

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 750,205	\$ 703,688
Contract receivable	106,667	107,954
Prepaid expenses	-	6,355
Total Current Assets	<u>856,872</u>	<u>817,997</u>
Property and Equipment, net	<u>6,266</u>	<u>9,170</u>
Total Assets	<u>\$ 863,138</u>	<u>\$ 827,167</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued liabilities	<u>\$ 30,008</u>	<u>\$ 27,757</u>
Total Current Liabilities	<u>30,008</u>	<u>27,757</u>
Total Liabilities	30,008	27,757
Net Assets		
Without donor restrictions	<u>833,130</u>	<u>799,410</u>
Total Liabilities and Net Assets	<u>\$ 863,138</u>	<u>\$ 827,167</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES		
Louisiana Public Defender Board	\$ 1,287,727	\$ 1,280,000
Expense reimbursements	25,230	14,195
Interest income	298	710
In-kind contributions	4,000	4,000
PPP Loan Forgiveness	-	180,073
Other income	50	1,564
	<u>1,317,305</u>	<u>1,480,542</u>
Total Revenues		
EXPENSES		
Program services	1,238,749	1,217,666
Management and general	44,836	45,412
	<u>1,283,585</u>	<u>1,263,078</u>
Total Expenses		
CHANGE IN NET ASSETS	33,720	217,464
Net assets - beginning of year	799,410	581,946
Net assets - end of year	<u>\$ 833,130</u>	<u>\$ 799,410</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Accounting	\$ 7,200	\$ 300	\$ 7,500
Computer expenses	5,900	246	6,146
Education and reference	15,725	-	15,725
Employee benefits	28,614	1,192	29,806
Depreciation expense	2,904	-	2,904
Dues and subscriptions	5,634	-	5,634
Expert expenses	27,990	-	27,990
Insurance	115,506	4,813	120,319
Investigative expenses	3,751	-	3,751
Medical records	2,673	-	2,673
Office expenses	22,192	925	23,117
Payroll taxes	62,065	2,586	64,651
Rent	76,858	-	76,858
Salaries and wages	825,736	34,406	860,142
Telephone	8,820	368	9,188
Travel	27,181	-	27,181
	<u>\$ 1,238,749</u>	<u>\$ 44,836</u>	<u>\$ 1,283,585</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Accounting	\$ 9,840	\$ 410	\$ 10,250
Computer expenses	5,630	235	5,865
Education and reference	6,535	-	6,535
Employee benefits	18,221	759	18,980
Depreciation expense	4,638	-	4,638
Dues and subscriptions	6,993	-	6,993
Expert expenses	14,523	-	14,523
Insurance	138,311	5,763	144,074
Investigative expenses	1,837	-	1,837
Medical records	1,873	-	1,873
Office expenses	16,662	694	17,356
Payroll taxes	58,679	2,445	61,124
Rent	74,582	-	74,582
Salaries and wages	833,765	34,740	868,505
Telephone	8,776	366	9,142
Travel	16,801	-	16,801
	<u>\$ 1,217,666</u>	<u>\$ 45,412</u>	<u>\$ 1,263,078</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 33,720	\$ 217,464
<u>Adjustments to reconcile net revenues over expenses</u> <u>to net cash provided by operating activities:</u>		
Depreciation	2,904	4,638
Forgiveness of PPP loan	-	(180,073)
Decrease in contract receivable	1,287	-
Decrease in prepaids	6,355	23,744
Increase in accrued liabilities	2,251	13,385
Net cash provided by operating activities	46,517	79,158
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	180,073
Net cash provided by financing activities	-	180,073
NET INCREASE IN CASH	46,517	259,231
CASH, BEGINNING OF YEAR	703,688	444,457
CASH, END OF YEAR	<u>\$ 750,205</u>	<u>\$ 703,688</u>

See accompanying notes and independent auditors' report.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies

Nature of Operations

Baton Rouge Capital Conflict Office, Inc. (the Organization) was formed as a non-profit organization in December of 2001. The Organization provides criminal defense services to indigent persons in the State of Louisiana who are facing the death penalty at no charge to the defendant. Support for the Organization comes from the Louisiana Public Defender Board.

Basis of Accounting

The financial statements of Baton Rouge Capital Conflict Office, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit organizations. The Organization reports information about its financial position and activities using two classes of net assets that recognize the existence and nature of restrictions on its net assets.

Net Assets

Baton Rouge Capital Conflict Office reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions.

Revenue Recognition

The Organizations main source of revenue comes from a contract with the Louisiana Public Defender Board to provide legal services to indigent persons who are facing the death penalty. This contract is invoiced in equal amounts over a twelve month period with no consideration given to the number of cases tried or hours worked. From time to time there are increases in the contract to account for additional workload at the request of the Louisiana Public Defender Board. When the contract is increased the amount is prorated over the remaining months on the contract.

The Organization is also reimbursed by the Louisiana Public Defender Board for expenses incurred such as expert witnesses, forensic experts, psychologists, and out of state investigations that are not covered under the contract. These expenses are invoiced as incurred.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash includes all funds in checking and savings accounts.

Income Taxes

The Organization accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is no longer subject to federal information return examinations by tax authorities for years before 2018.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

Functional Expenses

The Organization allocates its expenses on a functional basis between program service or management and general. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification. Other expenses are allocated between programs and supporting services based on management's best estimate of time, percentage, or square footage used, among other factors.

2. Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for betterments that materially prolong the useful lives of assets are capitalized and are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives which is typically 5-7 years.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

2. Property and Equipment (continued)

Property and equipment consists of the following:

	2021	2020
Furniture and fixtures	\$ 8,381	\$ 8,381
Machinery and equipment	52,628	52,628
	<u>61,009</u>	<u>61,009</u>
Accumulated depreciation	(54,743)	(51,839)
	<u>\$ 6,266</u>	<u>\$ 9,170</u>

3. Commitments and Contingencies

The Organization receives the majority of its revenue from a contract with the Louisiana Public Defender Board. Funds paid out under this contract are subject to approval by the legislature. It is possible that funding under the contract could be reduced or eliminated based on decisions by the legislature. Management is not aware of any pending reductions or elimination of the contract.

4. Concentrations

Approximately all of the Organization’s revenue is from funding provided by the Louisiana Public Defender Board. All of the Organizations accounts receivable is due from the Louisiana Public Defender Board.

Financial instruments, which potentially subject the Organization to concentrations of credit risk consist of cash deposits held with local banks. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of December 31, 2021 and 2020, Baton Rouge Capital Conflict Office had \$500,799 and \$460,366 above the insured limit. The Organization places its deposits with high-credit, quality financial institutions and does not believe that it is exposed to any significant credit risk on uninsured amounts.

5. In-Kind Contributions

The Organization uses five licenses to the LexisNexis database provided by The Louisiana Appellate Project at no cost to the Organization. The use of these five licenses is valued at \$4,000. The value of the in-kind contribution is reported as revenue and an education and reference expense of the Organization.

6. Leases

The Organization leases office space and office equipment under non-cancelable operating leases of various lengths. Total lease payments for office space were \$76,858 and \$74,582 for the years ending December 31, 2021 and 2020, respectively.

BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

6. Leases (continued)

Future minimum lease payments are as follows:

	Office Space
2022	77,288
2023	78,318

7. Liquidity and Availability of Financial Assets

The Organization has \$856,872 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash of \$750,205 and accounts receivable of \$106,667. There are no amounts unavailable for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date.

As part of the organization's liquidity management plan, excess cash is placed in a savings account that can be accessed to meet unexpected liquidity needs or in the event of financial distress.

8. Reimbursed Expenses

In accordance with the contract, the Louisiana Public Defender Board reimburses the Organization for expenditures relating to expert witnesses, forensic experts, psychologists and out of state investigations. These expenditures fluctuate from year to year depending on the number of experts needed and number of cases that go to trial. The expenditure is shown on the Statement of Functional Expenses under the caption expert expenses.

9. PPP LOAN

During fiscal year 2020 the Organization received a Payroll Protection Program (PPP) loan from the SBA in the amount of \$180,073. The purpose of this loan is to maintain payroll and other operating expenses during the COVID-19 pandemic. The terms of the loan allowed for the amount to be forgiven in full if the funds were used for payroll and certain operating expenses prior to December 31, 2020. The Organization met these requirements and the loan was forgiven in the prior year.

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE EXECUTIVE DIRECTOR
FOR THE YEAR ENDING DECEMBER 31, 2021**

Executive Director	K. Romanach
Salary	\$ 127,417
Travel Reimbursements	<u>2,193</u>
	<u>\$ 129,610</u>

See accompanying notes and independent auditors' report.

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

To the Board of Directors
Baton Rouge Capital Conflict Office, Inc.
Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Baton Rouge Capital Conflict Office, Inc., (a non-profit organization) which comprise the statement of financial position as of December 31, 2021 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baton Rouge Capital Conflict Office, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Baton Rouge Capital Conflict Office, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 the 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 Baton Rouge Capital Conflict Office, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 organization'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 organization'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. This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and pass-through entities 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.



Daigrepont & Brian, APAC
Baton Rouge, LA

June 23, 2022

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

Summary of Auditors' Reports

Type of auditor's report issued		Unmodified	
Material weakness(es) identified?	Yes	_____	No <u> X </u>
Significant deficiencies identified that are not considered to be a material weakness?	Yes	_____	No <u> X </u>
Compliance			
Noncompliance material to the financial statements	Yes	_____	No <u> X </u>

Findings

There are no findings for the year ended December 31, 2021

Questioned Costs

There are no questioned costs for the year ended December 31, 2021

**BATON ROUGE CAPITAL CONFLICT OFFICE, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Summary of Prior Audit Findings

There were no prior year audit findings.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Baton Rouge Capital Conflict Office, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Baton Rouge Capital Conflict Office, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Baton Rouge Capital Conflict Office, 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, 2021 through December 31, 2021. 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:
 - 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) **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.
- 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: The organization's policies and procedures address each of the categories noted above as applicable for a nonprofit organization.

Board or Finance Committee

- 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 funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*
 - 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: No exceptions noted as a result of applying this procedure.

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 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:

- 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: No exceptions noted as a result of applying this procedure.

Collections (excluding electronic funds transfers)

4. 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).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - 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.
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: No exceptions noted as a result of applying this procedure.

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.

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.

Exception: The employee who processes payments (business manager) also enters the vendor information in the accounting software using the W-9 filled out by the vendor.

Exception: Checks are mailed by someone who is responsible for processing payments after a separate employee signs the check.

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

- 10. 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 cards. Obtain management's representation that the listing is complete.

11. 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.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. 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). 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: No exceptions noted as a result of applying this procedure.

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

13. 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 (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: No exceptions noted as a result of applying this procedure.

Contracts

14. 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 Law (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: No exceptions noted as a result of applying this procedure.

Payroll and Personnel

15. 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.
16. 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 officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - b) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - c) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
17. 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.
18. 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 noted as a result of applying this procedure.

Ethics

19. 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: Baton Rouge Capital Conflict Office, Inc. is a nonprofit organization so this procedure does not apply.

Debt Service

20. 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.
21. 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: Baton Rouge Capital Conflict Office, Inc. is a nonprofit organization so this procedure does not apply.

Fraud Notice

22. 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.
23. Observe 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 noted as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

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

Sexual Harassment

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: Baton Rouge Capital Conflict Office, Inc. is a nonprofit organization so this procedure does not apply.

Management's Response: We have reviewed the independent accountant's report on applying the agreed-upon procedures and agree with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

We were engaged by Baton Rouge Capital Conflict Office, 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 Baton Rouge Capital Conflict Office, 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.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

June 23, 2022