CENTER FOR RESILIENCE, INC.

Audit of Financial Statements

June 30, 2023

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

Independent Auditor's Report

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Center for Resilience, Inc. (CfR), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year 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 CfR as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 CfR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that CfR will continue as a going concern. As discussed in Note 12 to the financial statements, CfR has suffered recurring significant reductions in grant revenues, has a net deficiency in net assets, and has stated that substantial doubt exists about CfR's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CfR'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CfR'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 CfR's ability to continue as a going concern for a reasonable period of time

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the chief executive officer, as required by Louisiana Revised Statute (R.S.) 24:513 A(3) is presented for purposes of additional analysis and is not a required part of the basic 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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated March 21, 2024 on our consideration of CfR'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CfR's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CfR's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
March 21, 2024

CENTER FOR RESILIENCE, INC.
Statement of Financial Position
June 30, 2023

Assets		
Current Assets		
Cash	$	129,019
Accounts Receivable		309,940
Total Current Assets		438,959
Property and Equipment, Net		3,957
Other Assets		
Right-of-Use Asset - Operating Lease		137,189
Total Assets	$	580,105
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	$	427,819
Operating Lease Liability, Current Portion		17,788
Lines of Credit		510,000
Note Payable, Current Portion		166,667
Other Current Liabilities		2,137
Total Current Liabilities		1,124,411
Long-Term Liabilities		
Operating Lease Liability, Less Current Portion		121,201
Note Payable, Less Current Portion		83,333
Total Liabilities		1,328,945
Net Assets		
Without Donor Restrictions		(748,840)
Total Net Assets		(748,840)
Total Liabilities and Net Assets	$	580,105

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

CENTER FOR RESILIENCE, INC.
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Partner School Fees	$ 1,794,525	$ -	$ 1,794,525
Educational Program Management Fees	1,197,666	-	1,197,666
Other Revenue	30,930	-	30,930
Contributions and Grant Revenue	935,847	75,000	1,010,847
Contributions of Non-Financial Assets	20,710	-	20,710
Net Assets Released from Donor Restrictions	143,545	(143,545)	-
Total Revenue, Support, and Gains	4,123,223	(68,545)	4,054,678
Expenses			
Program Services	4,021,891	-	4,021,891
Supporting Services	902,942	-	902,942
Total Expenses	4,924,833	-	4,924,833
Change in Net Assets	(801,610)	(68,545)	(870,155)
Net Assets, Beginning of Year	52,770	68,545	121,315
Net Assets, End of Year	$ (748,840)	$ -	$ (748,840)

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

CENTER FOR RESILIENCE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Supporting Services	
	ResilientKids Classroom Integration	**Management and General**	**Total**
Administrative and Other	$ 7,020	$ 68,788	$ 75,808
Bad Debt Expense	-	6,000	6,000
Building Rent	14,912	4,971	19,883
Consultants	168,300	142,131	310,431
Copier Rental	13,737	-	13,737
Custodial Service and Supplies	-	256,216	256,216
Depreciation	-	5,681	5,681
Employee Benefits and Taxes	496,275	17,759	514,034
Food Service Program	61,539	-	61,539
Insurance	-	62,519	62,519
Legal	-	33,217	33,217
Maintenance and repairs	-	1,534	1,534
Professional Development	532	46,714	47,246
Salaries and Compensation	2,614,590	132,372	2,746,962
Supplies	28,327	98,303	126,630
Telecommunications	-	23,457	23,457
Transportation	608,254	-	608,254
Travel	8,405	3,280	11,685
Total Expenses by Function	$ 4,021,891	$ 902,942	$ 4,924,833

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

CENTER FOR RESILIENCE, INC.
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows from Operating Activities		
Change in Net Assets	$	(870,155)
Adjustments to Reconcile Change in Net Assets		
to Net Cash Used in Operating Activities		
Depreciation		5,681
Bad Debt Expense		6,000
Changes in Assets and Liabilities:		
Accounts Receivable		363,002
Right-of-Use Asset - Operating Lease		19,883
Accounts Payable and Accrued Expenses		(89,708)
Accrued Salaries Payable		(118,809)
Compensated Absences Payable		(4,073)
Accrued Retirement Payable		(3,453)
Other Current Liabilities		2,137
Operating Lease Liability		(18,083)
Net Cash Used in Operating Activities		(707,578)
Cash Flows from Financing Activities		
Proceeds from Note Payable		250,000
Proceeds from Lines of Credit		630,000
Payments on Lines of Credit		(120,000)
Net Cash Provided by Financing Activities		760,000
Net Increase in Cash		52,422
Cash, Beginning of Year		76,597
Cash, End of Year	$	129,019
Supplemental Disclosure of Cash Flow Information		
Contributions of Non-Financial Assets	$	20,710
Supplemental Disclosures of Non-Cash Investing and Financing Transactions		
Recognition of Operating Lease Right-of-Use Asset	$	157,072
Operating Lease Liability Arising from Right-of-Use Asset	$	157,072

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

Note 1. Organization and Summary of Significant Accounting Policies

Nature of Organization

Center for Resilience, Inc. (CfR) is a nonprofit public benefit corporation organized under the laws of the State of Louisiana and was incorporated on January 19, 2017 as New Orleans Therapeutic Day Program. On February 22, 2017, the name was changed to Center for Resilience, Inc.

The mission of CfR is to provide educational and intensive mental health support in an innovative partnership with the Tulane University School Medicine Department of Child and Adolescent Psychiatry to ensure the emotional well-being and academic readiness of children with behavioral health needs in the Greater New Orleans region. Currently, CfR offers separate settings for children in grades K - 10 with moderate to significant, diagnosed behavioral health disabilities whose needs cannot be met in a traditional school.

CfR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. Ultimately, CfR's aim is to make sure all children with behavioral health needs have access to the appropriate services and placements.

CfR’s ResilientKids Classroom Integration program involves a year-long, social and emotional learning curriculum taught from the inside out through mindfulness skills. CfR instructors work together with the classroom teachers to enhance learning-readiness and reduce stress and anxiety.

Basis of Accounting and Presentation

The financial statements of CfR are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. CfR follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

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.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, CfR considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2023, CfR had no cash equivalents.

Accounts Receivable

Receivables from contracts with customers are reported as accounts receivable in the accompanying statement of financial position. Accounts receivable consist primarily of non-interest bearing amounts due for partner school fees and educational program management fees. CfR determines the allowance for uncollectable accounts receivable based on historical experiences, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2023, the allowance was $-0-. The opening balance of accounts receivable at July 1, 2022 totaled $678,942.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Land is stated at cost. Expenses incurred for maintenance and repairs are charged to operations as incurred. Leasehold improvements are amortized over the lesser of the estimated economic life of the improvements or the remaining term of the lease. Assets acquired by gift are recorded at fair market value established at the date of acquisition. CfR follows the policy of capitalizing all individual fixed assets purchased greater than $5,000 and fixed assets that in aggregate are greater than $10,000. CfR uses the straight-line method of depreciation over the assets useful life determined as follows:

Asset	Useful Lives
Leasehold Improvements	5 - 20 Years
Furniture, Fixtures, and Equipment	3 - 7 Years
Buildings	30 Years

Compensated Absences

Twelve-month employees are entitled to a total of ten (10) days of wellness leave. Up to three (3) days of the leave may be rolled over annually. Upon separation from employment, employees forfeit all accrued but unused sick and vacation time. Additionally, year-end staff are eligible for ten (10) days of vacation time. Ten-month employees are eligible for ten (10) days of wellness leave. Unused wellness leave for Ten-month employees does not rollover at year-end.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Revenue Recognition

CfR's revenue is derived primarily from partner school fees, educational program management fees, and contributions.

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed asset must be used, CfR has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives.

Partner school fees and educational program management fees are accounted for in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

CfR recognizes revenue from partner school fees and educational program management fees during the year in which the related services are provided to students. The performance obligation is to provide education and related therapeutic services to students in kindergarten through tenth grade in Orleans Parish Schools whose mental health needs cannot be met in a traditional school setting. CfR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. The performance obligation is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the year.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Organizations are required to recognize as revenue and related expense, services received as donations if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for contributed services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole. Donations of contributed nonfinancial assets are recorded at fair value at the date of the donation.

Functional Allocation of Expenses

The cost of providing CfR's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services in the accompanying statement of functional expenses. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and Related Benefits	Time and Effort
Occupancy	Square Footage
Professional Fees	Full-Time Equivalent
Other	Time and Effort

Income Taxes

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

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. CfR believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in expenses.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. CfR adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, CfR has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with CfR's historical accounting treatment under ASC Topic 840, *Leases*.

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

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

CfR made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

To determine the present value of lease payments, CfR made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted (Continued)

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Adoption of Topic 842 resulted in the recording of a ROU asset and a lease liability related to CfR's operating lease of approximately $157,000 at July 1, 2022. The adoption of the new lease standard did not materially impact the statement of activities and changes in net assets or statement of cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses.

The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. ASU 2016-13 is effective for CfR as of July 1, 2023. CfR is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

Note 2. Liquidity and Availability

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

Cash	$ 129,019
Accounts Receivable	309,940
Total	$ 438,959

Note 2. Liquidity and Availability (Continued)

As part of CfR's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. Further, CfR continues to address its cash liquidity issues through cost containment and grant enhancement activities.

Note 3. Property and Equipment, Net

As of June 30, 2023, property and equipment consisted of the following:

Equipment	$	60,362
Less: Accumulated Depreciation		(56,405)
Total Property and Equipment, Net	$	3,957

Depreciation expense totaled $5,681 for the year ended June 30, 2023.

Note 4. Note Payable

On June 26, 2023, CfR entered into a note payable with New Schools of New Orleans totaling $250,000 with a 0% interest rate. Monthly payments totaling $13,889 are due starting July 2023 with a maturity date of December 31, 2024. Scheduled principal payments due on this note payable subsequent to June 30, 2023 are as follows:

Year Ending June 30,		Amount
2024	$	166,667
2025		83,333
Total	$	250,000

Note 5. Lines of Credit

On September 21, 2021, CfR entered into a line of credit with a bank with an available amount of $150,000. On October 25, 2022, the line of credit was renewed and maturity date is October 24, 2023. See subsequent renewal information in Note 13. The interest rate on the line is subject to change from time-to-time based on changes in an independent index which is the prime rate of interest as published in the money rate section of the Wall Street Journal. The balance on this line of credit totaled $150,000 at June 30, 2023.

Note 5. Lines of Credit (Continued)

On January 26, 2023, CfR entered into a line of credit with a bank with an available amount of $400,000 and a maturity date of July 1, 2024. See subsequent renewal information in Note 13. The interest rate on the line is subject to change from time-to-time based on changes in an independent index which is the prime rate of interest as published in the money rate section of the Wall Street Journal. The balance on this line of credit totaled $360,000 at June 30, 2023.

Note 6. Risks and Uncertainties

CfR is a recipient of funding from the Orleans Parish School Board and other partners. The funding is governed by various guidelines, regulations, and contractual agreements. The administration of the program and activities funded is under the control and administration of CfR and is subject to audit and/or review by the applicable funding source.

CfR is exposed to various risks of loss related to torts and theft of, damage to, and destruction of assets for which CfR carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 7. Net Assets Released From Restriction

At June 30, 2023, net assets totaling $143,545 were released from restriction for meeting the specified purpose of completion of the Day Treatment Expansion and Growth of Services Continuum.

Note 8. Retirement Plan

On December 5, 2018, CfR's Board approved the establishment of a 403(b) single employer, defined contribution plan. Funding for the plan is through a contribution of a maximum percentage of up to 4% by the participating employees and CfR, limited by the maximum deferral dictated by Internal Revenue Code. Eligibility is based on full-time employment. The contribution is based on the employee's base salary each month. For the year ended June 30, 2023, employer contribution expense totaled $30,107.

Note 9. Concentration of Credit Risk

CfR periodically maintains cash in bank accounts in excess of the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. At June 30, 2023, $17,721 of cash was uninsured. CfR has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 9. Concentration of Credit Risk (Continued)

During the year ended June 30, 2023, one revenue provider made up 35% of the total revenue recognized by CfR. Receivables from this provider represented 35% of total receivables at June 30, 2023.

Note 10. Operating Lease

On May 12, 2023, CfR entered into an operating lease for office space. Monthly rental payments range from $2,000 to $2,300, expiring in June 2029.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2023:

Operating Lease Cost	$ 25,800
Total Lease Cost	$ 25,800

CfR's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Supplemental statement of financial position information related to the lease is as follows as of June 30, 2023:

Weighted-Average Remaining Lease Term (in Years):	
Operating Lease	7
Weighted-Average Discount Rate Applied (%):	
Operating Lease	4.03%

Note 10. Operating Lease (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liability recognized on the statement of financial position are as follows as of June 30, 2023:

Year Ending June 30,	Operating Lease
2024	$ 24,600
2025	25,200
2026	25,800
2027	26,400
2028	27,000
Thereafter	27,600
Total Lease Payments	156,600
Less: Imputed Interest	(17,611)
Less: Lease Liability, Current Portion	(17,788)
Lease Liability, Net of Current Portion	$ 121,201

Note 11. Contributed Non-Financial Assets

For the year ended June 30, 2023, contributed nonfinancial assets recognized within the statement of activities included building lease expense totaling $20,710. CfR recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Note 12. Going Concern

The accompanying financial statements have been prepared assuming that CfR will continue as a going concern. As shown in the financial statements, CfR incurred a $870,155 loss for the year ended June 30, 2023. At June 30, 2023 current liabilities exceeded current assets by approximately $685,000. Those factors create a substantial doubt about CfR's ability to continue as a going concern.

To address these concerns, CfR has closed two of their three programs and conducted an expense cutting strategy. To ensure CfR has a vetted and clear financial operational plan for the next five years, CfR has partnered with a consulting company to help leverage their financial analysis and to develop a sound financial plan.

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 21, 2024, and determined that the following event occurred that requires disclosure:

On July 21, 2023, CfR renewed the Crescent Bank and Trust line of credit in the amount of $520,000 with a maturity date of July 21, 2025.

On January 24, 2024, CfR renewed the First Horizon line of credit in the amount of $150,000 with a maturity date of January 24, 2025.

No further subsequent events occurring after March 21, 2024, have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

CENTER FOR RESILIENCE, INC.
Supplementary Information
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended June 30, 2023

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

Chief Executive Officer
Elizabeth Marcel-Williams - July 1, 2022 - May 31, 2023

Purpose	**Amount**
Salary	$119,646
Benefits - Insurance	$0
Benefits - Retirement	$3,589
Benefits - Other	$0
Car Allowance	$0
Per Diem	$0
Reimbursements	$1,473
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Business Cell Phone	$0
Special Meals	$0

CENTER FOR RESILIENCE, INC.
Supplementary Information
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended June 30, 2023

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

Chief Executive Officer
Alexandra Gray Duplan - June 1, 2023 - June 30, 2023

Purpose	Amount
Salary	$7,348
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Other	$0
Car Allowance	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Business Cell Phone	$0
Special Meals	$0

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

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
Center for Resilience, Inc.
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Resilience, Inc. (CfR), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise CfR's basic financial statements, and have issued our report thereon dated March 21, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as 2023-001 and 2023-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as 2023-002 and 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CfR’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-005.

CfR’s Response to Findings

CfR's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. CfR's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CfR’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 Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
March 21, 2024

Section I - Summary of Auditor's Results

Financial Statements Section

1) Type of auditor's report	Unmodified
2) Internal control over financial reporting and compliance and other matters	
a) Material weaknesses identified?	Yes
b) Significant deficiencies identified?	Yes
3) Noncompliance material to the financial statements noted?	Yes

Federal Awards Section - Not Applicable

Part II - Findings Related to the Financial Statements

2023-001 Revenue and Accounts Receivable Adjustments

Criteria: Management of CfR is responsible for the review of financial information and should reconcile any differences noted.

Condition: A material weakness in internal control over financial reporting is present as revenue and accounts receivable were not recorded properly.

Cause: In the current year, the accounting was brought in house and the review process was limited.

Effect: Adjusting journal entries were needed as a result of audit testing due to incorrect recording of revenue and accounts receivable.

Recommendation: We recommend that management perform a detail review of the financial statements on a monthly basis compared to budget. This will allow any outliers to be identified and adjusted accordingly.

Management's Response: Management agrees with the findings above. We will start a detail review of the financial statements on a monthly basis compared to budget. This will be implemented immediately.

2023-002 Bank Reconciliations

Criteria: Management of CfR is responsible for the review of financial information and should reconcile any differences noted.

Condition: A significant deficiency in internal control over financial reporting is present as bank reconciliations were incorrect and not reviewed by someone other than the preparer.

Cause: In the current year, the accounting was brought in house and the review process was limited.

Effect: Adjusting journal entries were needed as a result of audit testing due to incorrect recording of cash.

Recommendation: We recommend that someone other than the preparer perform a detail review of the bank reconciliations on a monthly basis. This will allow any outliers to be identified and adjusted accordingly.

Management's Response: Management agrees with the findings above. We will have an outside agency perform a detail review of the bank reconciliations on a monthly basis. This will be implemented immediately.

2023-003 Lack of Documentation for Journal Entries

Criteria: Management of CfR is responsible for the review of financial information and should reconcile any differences noted.

Condition: A significant deficiency in internal control over financial reporting is present as journal entries lacked support.

Cause: In the current year, the accounting was brought in house and the review process was limited.

Effect: Adjusting journal entries were needed as a result of audit testing due to incorrect recording of journal entries.

Recommendation: We recommend that management perform a detail review of the financial statements on a monthly basis as compared to budget. This will allow any outliers to be identified and adjusted accordingly.

Management's Response: Management agrees with the findings above. We will perform a detail review of the financial statements on a monthly basis compared to the budget. This will be implemented immediately.

2023-004 Lack of Review and Significant Audit Adjustments

Criteria: CfR's accounting personnel should perform monthly reconciliations and record adjustments as necessary.

Condition: The proposed audit adjustments had material effects on the financial statements. Several of the proposed audit adjustments included routine bookkeeping and reclassification entries that should have been posted prior to the year-end closing.

Cause: In the current year, the accounting was brought in house and the review process was limited.

Effect: Due to the factors listed above, adjusting journal entries were needed as a result of audit testing.

Recommendation: We recommend that, on a monthly basis, accounting personnel perform a review of all account balances and ensure that all reconciliations and closing adjustments are recorded properly. There should also be a review process in place by management.

Management's Response: Management agrees with the finding above. We will perform a review of all account balances and ensure that all reconciliations and closing adjustments are recorded properly on a monthly basis. This will be implemented immediately.

2023-005 Late Submission of Audit Report to the Legislative Auditor

Criteria: Revised Statute 24:513A(5)(a)(i) requires that annual audits should be completed within six months of the close of the entity's fiscal year.

Condition: CfR's annual financial statements were submitted to the Legislative Auditor in March 2024 which was later than the six-month requirement.

Cause: The late filing was due to a delay in reconciled bank accounts.

Effect: Noncompliance with state law.

Recommendation: CfR should ensure that future annual financial statements are submitted within the six-month period.

Management's Response: Management agrees with the findings above. We will ensure that future annual financial statements are submitted within the six-month period.

Part III - Federal Award Findings and Questioned Costs Section

Not applicable.

Findings Related to the Financial Statements

Reference Number
2022-001

Condition
A significant deficiency in internal control over financial reporting is present as revenue and accounts receivable were not recorded properly.

Status
Unresolved. See finding 2023-001.

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
5100 Village Walk | Suite 300
Covington, LA 70433
985.892.5850 | Fax 985.892.5956
LaPorte.com

AGREED-UPON PROCEDURES REPORT

Center for Resilience, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2022 - June 30, 2023

To the Board of Directors
Center for Resilience, 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 July 1, 2022 through June 30, 2023. Center for Resilience, Inc.'s (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

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

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: We noted procedures ii) (4) and (5), ix), x), and xii are not applicable to the public funds administered by the Organization. Exceptions noted for procedures vi) as the policy does not contain items missing elements 1) - 3), and 5); and xi) as there is no written policy. No exceptions were found as a result of the remaining procedures above.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

   i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

   iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

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

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

   Results: Exception noted for procedure (i) as the bank reconciliation was not prepared within 2 months of the related statement closing date. No exceptions were found as a result of the remaining procedures above.

4) Collections (excluding electronic funds transfers)

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

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

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

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/ official is responsible for reconciling ledger postings to each other and to the deposit; and

   iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:

   i. Observe that receipts are sequentially pre-numbered.

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

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

   iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

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

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

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

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

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

   Results: Exception noted for procedure D as five of five non-payroll electronic disbursements selected for testing did not contain documentation of approval by supervisory personnel. No exceptions were found as a result of the remaining procedures above.

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

   i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

   ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

   <u>Results</u>: Exception noted as itemized receipt was not provided for one of twenty transactions selected for testing. No exceptions were found as a result of the remaining procedures above.

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

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: Exception noted as supporting invoice was not provided for one of five contracts selected for testing. No exceptions were found as a result of the remaining procedures above.

9) Payroll and Personnel

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

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: Exception noted as approved pay rate on offer letter did not match actual pay rate on paycheck for one of five employees selected for testing. No exceptions were found as a result of the remaining procedures above.

10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Not Applicable

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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

Not Applicable

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the Legislative Auditor and the Organization attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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

Results: Exception noted as the Organization had not posted on its website, the notice required by R.S. 24:523.1. Notice was posted on the premises.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

   ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

   iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment

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

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements;
   ii. Number of sexual harassment complaints received by the agency;
   iii. Number of complaints which resulted in a finding that sexual harassment occurred;
   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
   v. Amount of time it took to resolve each complaint.

   Not Applicable

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
March 21,2024

LaPorte, A Professional Accounting Corporation
5100 Village Walk, Suite 300
Covington, LA 70433

Ref: Management's Response to Statewide Agreed Upon Procedures (SAUPs)
Please find below Center for Resilience's (the Organization) responses to the SAUP's performed by LaPorte, APAC for the period July 2, 2022 to June 30, 2023.

Policies & Procedures
The Organization's contract policy did not mention types of services requiring when contracts, standard terms and conditions, legal review, or the monitoring process. The Organization does not have a written disaster recovery/business continuity policy.
Management's Response:
Management agrees with the findings above. We will revise our Internal Controls to incorporate the policy and procedures item. This will be completed by June 30, 2024.

Bank Reconciliations
The Organization's bank reconciliations did not include evidence they were prepared within 2 months of the related statement closing date.
Management's Response:
Management agrees with the findings above. We will create a policy and procedure for monthly bank reconciliation. This will be implemented immediately.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)
The Organization's five non-payroll electronic disbursements tested did not contain documentation of approval by supervisory personnel.
Management's Response:
Management agrees with findings above. We will formally document approval of non-payroll disbursement by supervisory personnel. This will be implemented immediately.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)
Itemized receipt was not provided for one of twenty transactions selected for testing.
Management's Response:
Management agrees with the findings above. We will make every attempt to collect itemized receipts for every credit card transaction processed. This will be implemented immediately.

<u>Contracts:</u>
Supporting invoice was not provided for one of five contracts selected for testing.
Management's Response:
Management agrees with the findings above. We will ensure there is an invoices link to executed contracts. This will be implemented immediately.

<u>Payroll and Personnel:</u>
The approved pay rate on an offer letter did not match the actual pay rate on a paycheck for one of five employees selected for testing.
Management's Response:
Management agrees with the findings above. We will vet all offer letters to ensure they match the pay rate on pay checks. This will be implemented immediately.

<u>Fraud Notice:</u>
The organization had not posted on its website, the noticed required by R.S. 24:523.1.
Management's Response:
Management agrees with the findings above. Management will post the noticed required by R.S. 24:523.1. to the Organization's website. This will be implemented by June 30, 2024.

CENTER FOR RESILIENCE

Alexandra Gray Duplan, Chief Executive Officer