

**@SOUTHWEST LOUISIANA
INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana**

**Audit of Financial Statements
September 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
@Southwest Louisiana Independence Center, Inc.
Lake Charles, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of @Southwest Louisiana Independence Center, Inc., (a non-profit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, cash flows, and functional expenses 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 @Southwest Louisiana Independence Center, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 @Southwest Louisiana Independence Center, Inc.'s ability to continue as a going concern within one year after the date that the combined 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 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 @Southwest Louisiana Independence Center, 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 @Southwest Louisiana Independence Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented for the purpose 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 Schedule of Compensation, Benefits and Other Payments to the Executive Director 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 24, 2023, on our consideration of @Southwest Louisiana Independence Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 @Southwest Louisiana Independence Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering @Southwest Louisiana Independence Center, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
March 24, 2023

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Financial Position
As of September 30, 2022

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,408,345
Grants and other receivables	760,150
Insurance receivable	261,720
Certificates of deposit investment	<u>713,043</u>
Total Current Assets	<u>3,143,258</u>
PROPERTY AND EQUIPMENT	
Furniture and equipment	486,509
Building and improvements	<u>1,091,236</u>
	1,577,745
Less accumulated depreciation	<u>(537,196)</u>
	1,040,549
Land	<u>150,000</u>
Net Property and Equipment	<u>1,190,549</u>
OTHER ASSETS	
Certificates of deposit investment	481,353
Deposits	<u>4,033</u>
Total Other Assets	<u>485,386</u>
TOTAL ASSETS	<u><u>\$ 4,819,193</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 96,503
Accrued payroll and related expenses	265,600
Other accrued expenses	5,965
Current portion of notes payable	<u>14,534</u>
Total Current Liabilities	<u>382,602</u>
LONG TERM LIABILITIES	
Notes payable - net of current portion	<u>211,917</u>
TOTAL LIABILITIES	<u>594,519</u>
NET ASSETS	
Without donor restrictions	<u>4,224,674</u>
Total Net Assets	<u>4,224,674</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,819,193</u></u>

See accompanying notes to the financial statements.

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Activities
For The Year Ended September 30, 2022

SUPPORT

Medicaid waiver program	\$ 4,905,206
Federal grants	435,121
State grants	220,409
Private pay and veterans affairs	123,340
Special events and other	13,007
Unrealized gain/(loss) on investments	(17,995)
Insurance recoveries	607,965
	607,965
Total Support	6,287,053

EXPENSES

Program expenses	5,016,304
Supporting services:	
Management and general	501,464
Loss on disposal of fixed assets	3,374
	3,374
Total Expenses	5,521,142

CHANGE IN NET ASSETS 765,911

WITHOUT DONOR RESTRICTIONS NET ASSETS - BEGINNING OF YEAR 3,458,763

WITHOUT DONOR RESTRICTIONS NET ASSETS - END OF YEAR \$ 4,224,674

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Cash Flows
For The Year Ended September 30, 2022

Cash Flows From Operating Activities	
Change in net assets	\$ 765,911
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	78,696
Loss on disposal of fixed assets	3,374
(Increase) decrease in operating assets:	
Grants and other receivables	(537,010)
Prepaid expenses	5,960
Deposits	1,000
Increase (decrease) in operating liabilities:	
Accounts payable	(203,318)
Accrued payroll and related expenses	405
Other accrued expenses	468
	<hr/>
Total Adjustments	(650,425)
	<hr/>
Net Cash Provided (Used) By Operating Activities	115,486
	<hr/>
Cash Flows From Investing Activities	
Purchase of certificates of deposit	(1,194,396)
Purchase of property and equipment	(125,554)
	<hr/>
Net Cash Used By Investing Activities	(1,319,950)
	<hr/>
Cash Flows From Financing Activities	
Principal payments on bank loans	(13,755)
	<hr/>
Net Cash Provided (Used) by Financing Activities	(13,755)
	<hr/>
Net Increase (Decrease) In Cash	(1,218,219)
Cash - Beginning of Year	2,626,564
	<hr/>
Cash - End of Year	\$ 1,408,345
	<hr/> <hr/>
Supplemental Disclosure:	
Interest paid	\$ 10,650
	<hr/> <hr/>

See accompanying notes to the financial statements.

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Functional Expenses
For The Year Ended September 30, 2022

	Program Services	Supporting Services, Management & General	Total
Advertising	\$ 14,993	\$ -	\$ 14,993
Audit expense	3,988	11,963	15,950
Bank service charges	1,157	3,472	4,629
Depreciation	19,674	59,022	78,696
Education and training	2,167	-	2,167
Insurance	243,632	42,994	286,626
Legal fees	88,272	-	88,272
Payroll taxes/fringe expense	397,636	20,928	418,564
Postage	3,940	695	4,635
Purchased services	82,283	-	82,283
Interpreting services	19,530	-	19,530
Rent	48,000	-	48,000
Repairs and maintenance	11,707	35,122	46,829
Salaries	3,908,678	205,720	4,114,398
Supplies	48,043	8,478	56,521
Telephone	32,931	5,811	38,742
Travel	34,009	6,002	40,011
Utilities	8,917	26,752	35,669
Consumer expenses	21,646	-	21,646
Office expenses	12,997	38,992	51,989
Interest	2,663	7,988	10,650
Miscellaneous	9,441	27,527	36,968
Total Expenses	\$ 5,016,304	\$ 501,464	\$ 5,517,768

See accompanying notes to the financial statements.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

@Southwest Louisiana Independence Center, Inc. was organized under Section 501 (c)(3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing support services to the physically disabled and their families. A significant portion of the Center's revenues are Medicaid payments received for providing patient care services to Medicaid eligible individuals. The Center also receives grants from the U.S. Department of Education and the State of Louisiana Department of Social Services. The Center is not classified as a private foundation by the Internal Revenue Service.

Income Taxes

The Center is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements. @Southwest Louisiana Independence Center, Inc.'s Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three (3) years after it was filed.

Method of Accounting

The accompanying financial statements of @Southwest Louisiana Independence Center, Inc. have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets and revenues, expense, gains and losses are classified based on the existence or absence of grantor/contributor imposed or time restrictions.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standard Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting (Continued)

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

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract. On October 1, 2020, the Center adopted ASC 606 and was applied to all contracts on a modified retrospective method.

Management has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no material changes are necessary to conform with the new standard. Revenues from contracted services are presented at transaction prices in the form of rates as set by Medicaid, Veterans Affairs, and various commercial insurance. Revenue is recognized and considered earned at the time of completion of the services. Fundraising and special event revenues represent reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Center's estimate of the transaction price is determined based on the cost expended to provide such goods or services.

Cash and Cash Equivalents

The Center had bank deposits of \$1,408,188 as of September 30, 2022 with a carrying value of \$1,408,345, which includes \$600 in petty cash.

For purposes of the statement of cash flows, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Center maintains bank accounts at various banks, where account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Center maintains deposit balances that exceed federally insured limits. Amounts in excess of insured limits at September 30, 2022 were \$906,158. The Center deposits its cash with high quality financial institutions, and management believes the Center is not exposed to significant credit risk on those amounts.

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.

Property and Equipment/Depreciation and Amortization

Property and equipment are recorded at their historical cost. Donated assets are recorded at their estimated fair value on the date of the donation. Capital assets are defined as those acquired with an initial individual cost of more than \$500. Repairs and maintenance are charged to operations when incurred.

Furniture and equipment are being depreciated over estimated useful lives of three to fifteen years. The building is being depreciated over an estimated useful life of thirty-five years. The straight-line method of depreciation is being utilized. Depreciation expense was \$78,696 for the year ended September 30, 2022.

Compensated Absences

The Center has a contingent liability in the amount of \$39,034 at September 30, 2022 for unused vacation. Sick leave is not vested, therefore no accrual is reflected in the financial statements.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$14,993 for the year ended September 30, 2022.

Performance Indicator

The Center utilizes revenues over expenses as its performance indicator.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

Grants and contributions are recognized as income when received. The Board reports grants as donor restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned. Grants and contributions that are restricted by the grantor or donor are reported as increases in without donor restricted net assets if the restrictions expire in the same fiscal year in which the grants and contributions are recognized.

Functional Expenses

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Center's estimates of the relative proportion of each expense utilized for program or support service functions.

Investments

The Center reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

NOTE 2 - ECONOMIC DEPENDENCY

The Center receives the majority of its revenue from funds provided by state and federal grants as well as through a contract for patient care services provided to Medicaid eligible individuals. If significant budget cuts are made at the federal and/or state level or the Medicaid contract is not renewed, the amount of funds the Center receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

NOTE 3 - LINE OF CREDIT

The Center has a line of credit with an available limit of \$50,000. Interest accrues and is payable monthly at 5.95% on any outstanding balance. The line is secured by the Center's deposits held by the lender. The balance due on this line of credit was \$-0- as of September 30, 2022.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2022:

Property and Equipment, October 1, 2021	\$ 1,613,325
Additions for the Year Ended September 30, 2022	125,554
Disposals for the Year Ended September 30, 2022	<u>(11,134)</u>
Property and Equipment, September 30, 2022	<u>\$ 1,727,745</u>
Accumulated Depreciation, October 1, 2021	\$ 466,259
Depreciation for the Year Ended September 30, 2022	78,696
Less Depreciation on Disposed Assets for the Year Ended September 30, 2022	<u>(7,759)</u>
Accumulated Depreciation, September 30, 2022	<u>\$ 537,196</u>
Net Book Value, September 30, 2022	<u>\$ 1,190,549</u>

NOTE 5 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. Management is not aware of any disallowed costs as of September 30, 2022.

NOTE 6 - RETIREMENT PLAN

The Center participates in a SIMPLE IRA retirement plan for the benefit of its employees. The plan allows employees who anticipate earning more than \$5,000 in the current year to participate and allows them to contribute a percentage of their pay or a flat dollar amount up to a maximum annual contribution of \$14,000. The plan requires employer-matching contributions on a dollar-for-dollar basis up to 3% of each employee's compensation. The employer may elect, upon advance notice to the employees, to make a maximum match of less than 3% but not less than 1% of employee's compensation; however, this election can only be made during two out of any consecutive five-year periods. Employer matching contributions for the fiscal year ended September 30, 2022 was \$21,484.

NOTE 7 - RISK MANAGEMENT

The Center has purchased commercial insurance for its general liability and worker's compensation insurance. They have not retained any risk with relation to these activities.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 8 - GRANTS AND OTHER RECEIVABLES

Grants receivable at September 30, 2022 consisted of reimbursements for expenses incurred in the following programs:

<u>Program</u>	<u>Amount</u>
Telecommunications Device Distribution	\$ 17,500
State Personal Care Attendant Contract	2,233
Elderly Disabled Adults	471,793
SLIC Interpreting	17,398
Children's Choice	22,778
Long Term Personal Care Services	212,275
Supportive Employment	180
LCD Interpreting	420
Supportive Services Provider	-
State Independent Living	1,500
Other	110
Veterans Affairs	<u>13,963</u>
Total Receivable	<u>\$ 760,150</u>

NOTE 9 - OPERATING LEASES

The Center currently leases office space for the Lafayette office. During the fiscal year ended September 30, 2022, the Center ended services and closed the Leesville office. The Center was released from any future lease obligation in that location by the Lessor. The lease agreement for the Lafayette site is for a 36-month period beginning June 30, 2022 with a monthly fee of \$3,000 ending on June 30, 2025. Total rent expense reflected in these financial statements for the year ended September 30, 2022 is \$48,000.

The following is a schedule of future minimum rental payments due under the non-cancelable lease agreements for the years ending September 30:

2023	\$ 36,000
2024	\$ 36,000
2025	\$ 27,000

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center has \$3,143,258 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$1,408,345, grants and other receivables of \$1,021,870, and certificates of deposit of \$713,043. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Center has a goal to maintain financial assets which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,000,000. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Center deposits cash in excess of daily requirements in certificate of deposit investments.

NOTE 11 - FAIR VALUE OF INSTRUMENTS

The Center has a number of financial instruments, none of which is held for trading purposes. The Center estimates that the fair value of all financial instruments at September 30, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Center using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, grants and other receivables, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 12 - NOTES PAYABLE

Notes payable as of September 30, 2022 consisted of the following:

Bank note dated November 6, 2014, payable in 120 equal monthly installments of \$2,033.71, the final payment to be paid November 5, 2024, including interest at 4.49%, collateralized by real estate with a carrying value of \$840,813.	\$ 226,451
Total debt	226,451
Less current portion	14,534
Long-term debt	\$ 211,917

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2022

NOTE 12 - NOTES PAYABLE (CONTINUED)

Maturities of debt are as follows:

September 30:	Amount
2023	\$ 14,534
2024	15,200
2025	196,717
Total	\$ 226,451

NOTE 13 - INVESTMENTS

The Center applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

As of September 30, 2022, the Center's investments measured on a recurring basis consisted of certificate of deposit investments with fair market value (Level 2) and cost bases as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Certificate of deposit investments (Level 2 Observable Inputs)	\$ 1,214,000	\$ 1,194,396	\$ (19,604)

NOTE 14 - SUBSEQUENT EVENT

The Center evaluated its September 30, 2022 financial statements for subsequent events through the date the financial statements were available to be issued. The Center is not aware of any subsequent events which require recognition or disclosure in the financial statements.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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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

The Board of Directors
@Southwest Louisiana Independence Center, Inc.
Lake Charles, Louisiana

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 @Southwest Louisiana Independence Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether @Southwest Louisiana Independence Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 test 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. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
March 24, 2023

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Schedule of Findings and Responses
September 30, 2022

Section I – Summary of Auditor’s Report

Financial Statements

Type of auditor’s report issued			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Significant deficiency identified not considered to be a material weakness?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported	
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

Section II – Financial Statement Findings

There were no current year financial statement findings.

Section III – Compliance Findings

There were no current year compliance findings.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Schedule of Prior Year Audit Findings
September 30, 2022

Prior Year Findings

There were no prior year financial statement findings.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.

**Schedule of Compensation, Benefits and Other
Payments to the Executive Director**

Year Ended September 30, 2022

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head: Randy Dartez, Executive Director

Purpose	Amount
Salary	\$ 0.00
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by Center	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

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Member Louisiana Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of @Southwest Louisiana Independence Center, 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 October 1, 2021 through September 30, 2022. @Southwest Louisiana Independence Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

@Southwest Louisiana Independence Center, 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 October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

Were any exceptions found? - Yes

The Center has no written policies and procedures for (1f) – Contracting.

We performed the Information Technology Disaster Recovery/Business Continuity procedure (1k) and discussed the results with management.

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.

Were any exceptions found? - No

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.

Were any exceptions found? - Yes

Exception (3a): Noted 2 bank reconciliations that were not prepared within 2 months of statement closing date.

Exception (3b): No indication of a review was noted.

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.

Were any exceptions found? – Not Applicable

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Were any exceptions found? – Yes

Exception (9c): Noted employee responsible for processing payments is allowed to add and/or modify vendor files. No other employee reviews vendor files.

Exception (9d): The employee responsible for processing payments also mails checks and processes EFT payments.

Exception (10b): No evidence of segregation of duties noted for (9c) and (9d).

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

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

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). 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.

Were any exceptions found? – Yes

Exception (12a): Noted that one credit card did not have an approval by someone other than the card holder.

Exception (13 – Steps 1 to 3): Noted some exceptions for the requirement of these procedure.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (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.

Were any exceptions found? – Yes

Exception (14d): Noted one reimbursement was not reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid 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.

Were any exceptions found? – Yes

Exception (15a-d): Noted that contracts for two vendors were destroyed during hurricane Laura due to significant damage to the office building.

Payroll and Personnel

16. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Were any exceptions found? – No

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. 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.

Were any exceptions found? – Not Applicable

Debt Service

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

Were any exceptions found? – Not Applicable

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Were any exceptions found? – Yes

Exception (24): Fraud notice was not posted on the entity’s website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the Information Technology Disaster Recovery/Business Continuity procedures 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.

Were any exceptions found? – Not Applicable

Management's Responses

1f – The Center will begin working on creating a written policy and procedure for Contracting.

3a – The Center will begin performing all bank reconciliations within 2 months of statement closing date.

3b – The Center will begin the review of bank reconciliations by a member of management or a board member who does not handle cash, post ledgers, or issue checks.

9c – The Center will have someone who is not responsible for processing payments review changes to vendor files.

9d – The Center will begin having an employee who is not responsible for processing payments mail the payments.

10b – See managements response to 9c and 9d above.

12a – The Center will begin having all credit card statements reviewed and approved by someone other than the authorized cardholder.

13 – The Center will begin verifying that each credit card transaction includes an original itemized receipt that identifies precisely what was purchased, includes written documentation of the business/public purpose, and identifies which individuals were participating in meals.

14d – The Center will verify that all reimbursements are reviewed and approved by someone other than the person receiving the reimbursement.

15a-d – The Center will work to execute new contracts for the contracts destroyed from the damage incurred during hurricane Laura.

24 – The entity will post the notice required by R.S. 24:523.1 on its website.

We were engaged by @Southwest Louisiana Independence Center, 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 @Southwest Louisiana Independence Center, 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.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
March 24, 2023