BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

(With Independent Auditor's Report Thereon)

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Table of Contents

Page

Supplemental Information

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Independent Auditor's Report

To the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

Opinion

We have audited the accompanying financial statements of Bossier Office of Community Services, Inc. (a non-profit corporation) (the "Entity"), which comprise the statement of financial position as of December 31, 2021, 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 Bossier Office of Community Services, Inc. as of December 31, 2021, 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 the Entity 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 qualified audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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 chief executive officer is presented for purposes of additional analysis and is not a required part of these financial statements. The accompanying schedule of expenditures of federal awards as required by *Title 2 U.S.* Code of Federal Regulations *Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, , the schedule of compensation, benefits and other payments to chief executive officer and the schedule of expenditures of federal awards are 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 September 27, 2022 on our consideration the Entity'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 the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Tetts L Jackson

Houston, Texas
September 27, 2022

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Financial Position

December 31, 2021

Assets		
Current assets:		
Cash	$	522,070
Certificate of deposit		7,723
Grants receivable		100,322
Total current assets		630,115
Property and equipment:		
Land and land improvements		112,364
Buildings		1,085,120
Vehicles		810,213
Total property and equipment		2,007,697
Less accumulated depreciation		1,415,062
Net property and equipment		592,635
Total assets	$	1,222,750
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	190,858
Accrued payroll related liabilities		70,436
Total liabilities		261,294
Net assets:		
Without donor restrictions		327,961
With donor restrictions		633,495
Total net assets		961,456
Total liabilities and net assets	$	1,222,750

See accompanying notes to financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Federal grant funds	$ -	$ 5,044,029	$ 5,044,029
Interest income	87	-	87
Other income	30,967	-	30,967
	31,054	5,044,029	5,075,083
In-kind income	-	97,894	97,894
	31,054	5,141,923	5,172,977
Net assets released from restrictions:			
Satisfaction of program restrictions	5,000,358	(5,000,358)	-
Total revenues and other support	5,031,412	141,565	5,172,977
Expenses:			
Program Expenses:			
Head Start	2,563,905	-	2,563,905
Early Head Start	440,675	-	440,675
Food Service	361,983	-	361,983
Community Services Block Grant I	153,769	-	153,769
Community Services Block Grant II	152,067	-	152,067
Low Income Home Energy Assistance Program	834,397	-	834,397
Community Development Block Grant	7,906	-	7,906
Total program expenses	4,514,702	-	4,514,702
General and administrative expenses	613,903	-	613,903
Total expenses	5,128,605	-	5,128,605
Change in net assets	(97,193)	141,565	44,372
Net assets at beginning of year	425,154	$ 491,930	$ 917,084
Net assets at end of year	$ 327,961	$ 633,495	$ 961,456

See accompanying notes to financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services								
	Head Start	**Early Head Start**	**Food Service**	**CSBG I**	**CSBG II**	**LIHEAP**	**CDBG**	**General and Administrative**	**Total**
Salaries and related expenses:									
Salaries and wages	$ 1,376,244	$ 218,863	$ 132,297	$ 51,687	$ 90,041	$ 21,189	$ 5,671	$ 370,398	$ 2,266,390
Payroll taxes and fringe benefits	310,048	60,185	28,386	20,774	32,154	6,389	856	155,327	614,119
Total salaries wages and benefits	1,686,292	279,048	160,683	72,461	122,195	27,578	6,527	525,725	2,880,509
Expenses:									
Food services	103,394	159	145,802	-	-	-	-	-	249,355
Supplies	243,035	59,768	28,192	10,366	1,904	2,037	-	74	345,376
Accounting and auditing expenses	-	-	-	-	-	-	-	46,000	46,000
Telephone and utilities	93,255	20,880	3,461	4,646	2,161	1,700	-	3	126,106
Insurance	96,914	14,254	-	6,182	4,957	7,964	-	-	130,271
Rent expense	91,533	6,361	-	-	-	-	-	-	97,894
Repairs and maintenance	122,814	39,311	371	13,450	1,253	2,219	1,378	-	180,796
Travel	15,644	-	-	-	2,561	-		-	18,205
Training and development	16,102	2,138	-	-	-	15,840	-	-	34,080
Direct assistance program	-	-	-	41,593	10,097	776,690	-	10,000	838,380
Administative expenses	-	-	-	-	-	-	-	25,746	25,746
Other expenses	42,399	8,839	23,474	5,071	6,939	369	1	3,137	90,229
Total expenses before depreciation	2,511,382	430,758	361,983	153,769	152,067	834,397	7,906	610,685	5,062,947
Depreciation expense	52,523	9,917	-	-	-	-	-	3,218	65,658
Total expenses	$ 2,563,905	$ 440,675	$ 361,983	$ 153,769	$ 152,067	$ 834,397	$ 7,906	$ 613,903	$ 5,128,605

See accompanying notes to the financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

Statement of Cash Flows

Year ended December 31, 2021

Cash flows from operating activities:		
Change in net assets	$	44,372
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		65,658
(Increase) decrease in operating assets:		
Grants receivable		49,339
Increase (decrease) in operating liabilities:		
Accounts payable		73,286
Accrued payroll related liabilities		34,741
Net cash provided by operating activities		267,396
Cash flows from investing activities:		
Acquisition of capital assets		(229,245)
Net cash used in investing activities		(229,245)
Cash flows from financing activities		
Increase in value of certificate of deposit		(23)
Net cash used in investing activities		(23)
Net increase in cash		38,127
Cash at beginning of year		483,942
Cash at the end of year	$	522,070

See accompanying notes to financial statements.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

NOTE 1: ORGANIZATION AND BUSINESS

ORGANIZATION AND PROGRAM DESCRIPTION

Bossier Office of Community Services, Incorporated (BOCS) is a private nonprofit corporation established under the laws of the State of Louisiana. The corporation is organized to operate a Community Services Program in and for Bossier Parish, Louisiana. Specifically, the corporation is organized to:

A. serve as the official anti-poverty agency in Bossier Parish, Louisiana;

B. create, plan, develop, implement, conduct and administer programs according to Federal rules, regulations and guidelines that involve the maximum participation of the community served;

C. ensure and provide affordable, safe, sanitary and decent housing to very low-, low- and moderate-income residents of the State and expand economic development and home ownership opportunities for low- and moderate-income residents of the State;

D. provide assistance and educational materials related to housing to very low-, low- and moderate-income residents of the State;

E. improvise and utilize all community resources both public and private in an organized approach on eliminating poverty.

BOCS's operations are segregated into general grant programs as follows:

Head Start and Early Head Start Programs (HS and EHS) provides comprehensive educational and support services to low-income and disabled children zero to five years of age and children who have not reached the compensatory school age. This program provides health, mental health, nutrition, education, and parent involvement services to children, to enable the child to function at an optimum level in their environment. Funding is provided through federal funds from the U.S. Department of Health and Human Services.

Child and Adult Care Food Program (CACFP) provides a food service program in conjunction with the Head Start and Early Head Start Programs. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

Community Services Block Grant (CSBG) provides assistance to the poor, disadvantaged and unemployed through housing services, community projects, nutrition services, emergency assistance, employment services, transportation services, and other services. Funding is provided by federal funds passed through the State of Louisiana, Department of Labor.

Transit Services provides transportation services to citizens in the urban and rural areas of Bossier Parish. Funding is provided by federal funds passed through the State of Louisiana, Department of Social Services, federal funds passed through the City of Bossier City, transit fares and other miscellaneous revenues.

Low-Income Home Energy Assistance Program (LIHEAP) provides assistance to low-income households in offsetting the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Corporation.

Reporting Entity - The governing body of BOCS is its Board of Directors. The Board appoints an Executive Director to administer the affairs of the agency. BOCS is not considered a component of the city, parish, or any governmental body. The governing board independently oversees the agency's operations.

1) The accompanying financial statements include all of the organization's programs, activities and functions of BOCS for which the Board has oversight responsibility, except as described in the following paragraph. Such oversight responsibilities include designation of management, the ability to significantly influence operations, accountability for fiscal matters, and the scope of public services.

2) Some equipment is owned by BOCS while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the equipment purchased with grant funds, therefore its disposition, as well as the ownership of any sale proceeds therefrom is subject to funding source regulations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). BOCS uses the accrual basis of accounting.

Financial Statement Presentation – The financial statements are presented as recommended by Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations.*

BOCS is required to report information regarding its financial statements and activities according to two classes of net assets as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than BOCS's mission and purpose. 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. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue and Support – Grant revenues (Grants and Governmental reimbursements) are recognized using the legal and contractual requirements of the Agency's programs as guidance. Grant revenues (where funds must be expended for specific purposes prior to amount being reimbursed to the Agency) are recognized based on expenditures recorded.

BOCS reports grants and gifts of cash and other assets as restricted support if they are received with donor or grant stipulations that limit the use of the donated assets.

Property and Equipment – Property and equipment are recorded at costs unless donated. If donated, property and equipment are carried at the approximate fair value at the date of donation. It is BOCS's policy to capitalize property and equipment with a unit cost of $5,000 or more, while lesser amounts are expensed. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulation regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

BOCS recognizes depreciation on its fixed assets in accordance with GAAP. The Federal government has a reversionary interest in property purchased with Federal funds. Its disposition, as well as any disposition proceeds, is subject to federal regulations. The use of assets purchased with federal funds is limited to the purposes intended by the funding source. Fixed assets are depreciated using the straight-line method.

BOCS's fixed assets are stated at cost and are depreciated as follows:

Fixed Asset	Useful Life	Method
Furniture & Equipment	5 – 10 Years	Straight Line
Vehicles	5 – 10 Years	Straight Line
Buildings	40 – 50 Years	Straight Line

Depreciation expense for the year ended December 31, 2021, totaled $65,658.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, BOCS considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates – The preparation of financial statements in conformity with accounting principles GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Grants/Accounts Receivable, Accounts Payable and Accrued Expenses - The carrying amounts approximate fair value because of the short-term maturity of these instruments. Account receivable consists of grant and contribution agreements that were received during the calendar year and for which payment has not been received.

Revenue Recognition - BOCS accounts for contributions in accordance with FASB ASC 958-605, "Not-for-Profit Entities, Revenue Recognition" which supersedes SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Per FASB ASC 958-605, contributions, including unconditional promises-to-give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate.

Contributions - BOCS accounts for contributions in accordance with FASB ASC 958-605, *Not- for-Profit Entities, Revenue Recognition*. Per FASB ASC 958-605, contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average federal funds rate.

Income Taxes – BOCS is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as a private corporation.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

BOCS had no unrelated business income during the year ended December 31, 2021; consequently, no provision for federal or state income taxes has been made in the accompanying financial statements. BOCS determined that it was not required to record a liability related to uncertain tax positions.

Functional Allocation of Expenses - The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement presents the natural classification detail of expenses by function for certain categories of expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statement reports certain categories of expenses that are attributed to one or more program or supporting function of BOCS. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and health benefits, which are allocated based on employees' actual time worked for each program.

Contributed Services – BOCS received donated services from a variety of unpaid volunteers assisting in its program services. No amounts for donated services have been recognized in the accompanying statements of activities since the criteria for recognition of such volunteer efforts under FASB ASC 985 has not been satisfied.

Pension Plan – A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001.

Fair Value Measurements
GAAP established a framework for measuring fair value that provides 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50 are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which BOCS has access at the measurement date.

- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
    - quoted prices for similar assets or liabilities in active markets;
    - quoted prices for identical or similar assets in markets that are not active;
    - observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
    - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, BOCS measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that BOCS is required to measure at fair value.

Donated Services - Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills which would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions of space, operating supplies, and expenses are recorded at their fair value when received.

Recently Implemented Accounting Pronouncements - In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets – those with restrictions and those without restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses. BOCS adopted ASU 2016-14 effective in fiscal year 2019. Accordingly, certain amounts previously reported for fiscal year 2018 were reclassified to conform to the fiscal year 2019 presentation.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230) - Restricted Cash. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of-period and end-of-period total amounts shown on the statement of cash flows. The provisions of this standard are effective for fiscal years beginning after December 15, 2017 for public business entities and December 15, 2018 for all other entities and early adoption is permitted. BOCS has adopted ASU 2016-18 effective in fiscal year 2019 and there was no impact to the financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. This ASU is effective for annual periods beginning after June 15, 2018, including interim periods therein, and will be applied on a modified prospective basis. BOCS has adopted ASU 2018-08 effective in fiscal year 2019 and the impact was not material to the financial statements.

Recent Accounting Pronouncements to be Considered for Implementation - In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The ASU requires that leases recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The provisions of this standard are effective for fiscal years beginning after December 15, 2021, as extended by ASU 2020-05 and early adoption is permitted. Management is currently assessing the potential effect of this ASU to the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU No. 2020-07 was issued to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for- profits, as well as the amount of those contributions used in an entity's programs and other activities. The standard is effective for annual reporting periods beginning after June 15, 2021 and should be applied on a retrospective basis. The Club is evaluating the effect that ASU No. 2020-07 will have on its financial statements and related disclosures.

NOTE 2. SHORT-TERM INVESTMENTS

Short-term investments consist of the following at December 31, 2021:

Certificate of Deposit	$7,723

As noted, BOCS is required to report its fair value measurements in one to three levels, which are based on the ability to observe in the marketplace the inputs to the organization's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2021. All of BOCS short-term investments are measured using Level 1.

BOCS used the following ways to determine the fair value of its investments at December 31, 2021:

- **Certificates of deposit**: Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

NOTE 3: LEASE COMMITMENTS

BOCS leases equipment under operating leases from various entities. No leases have initial or remaining non-cancelable terms in excess of one year. There were no minimum lease payments at December 31, 2021.

NOTE 4: PENSION PLAN

A 403 (b) Retirement Plan was established for employees of BOCS effective May 1, 2001. Employees with at least one year of service may contribute a portion of their wages to the plan. An amount equal to 5% of the total salary of eligible employees is contributed to the plan by BOCS.

The amount contributed by BOCS to retirement plans on behalf of the employees for the year ended December 31, 2021 was $103,224.

NOTE 5: COMPENSATED ABSENCES

The personnel policy of BOCS provides for paid annual leave and/or vacation pay. The earned but unpaid amounts are recognized in the accounting period when actual payment is made.

NOTE 6: CONCENTRATION OF CREDIT RISK AND MARKET RISK

BOCS maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 through December 31, 2021. BOCS also has $800,000 Pledged Security in place as of December 31, 2021, since deposits in accounts were in excess of FDIC insured limits.

BOCS received over 99% of its funding from Federal grants, with the Head Start program providing 71% of all grant revenue.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of December 31, 2021, BOCS had no significant concentrations of credit risk in relation to grant receivables.

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Entity's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position because of contractual obligations:

	2021
Cash and cash equivalents	$ 529,793
Less: cash for accounts payable and payroll liabilities	(261,294)
Financial assets available to meet cash needs for general expenditures within one year	$ 268,499

Due to the nature of the Entity's cash flow, it is customary for Operational funds to be obtained during each respective year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

BOCS participates in certain governmental financial assistance programs. Although BOCS grant programs have been audited through December 31, 2021 in accordance with provisions of the Single Audit Act, these programs are still subject to financial and compliance audits by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although BOCS expects such amounts, if any, to be immaterial.

NOTE 9: RISK AND UNCERTAINTY

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the BOCS's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce.

Although the BOCS cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the BOCS's results of future operations, financial position, and liquidity in fiscal year 2022.

NOTE 10: SUBSEQUENT EVENTS

Subsequent events were evaluated through September 27, 2022, the date that the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor/Pass through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number		Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Program				
Head Start Program	93.600	06CH11395	$	2,845,357
Early Head Start Program	93.600	06CH11395		457,055
COVID-19 Head Start CARES Act	93.600	06HE001200, C		178,871
Total Head Start Program				3,481,283
Passed through Louisiana Department of Labor				
Community Services Block Grant (CSBG)	93.569	2021N0033		190,362
Community Services Block Grant (CSBG)	93.569	2020N0033		104,612
COVID-19 Community Services Block Grant CARES Act	93.569	2001LACSC3		77,267
Total Community Services Block Grant				372,241
Passed through Louisiana Housing Corporation				
Low Income Home Energy Assistance Program (LIHEAP)	93.568	Unknown		786,924
COVID-19 Low Income Home Energy Assistance Prog CARES Act Program CARES Act	93.568	Unknown		110,734
Total Low Income Home Energy Assistance Program				897,658
Total U.S. Department of Health and Human Services				4,751,182
U. S. DEPARTMENT OF AGRICULTURE				
Passed Through Louisiana Department of Education				
Child and Adult Care Food Program (CACFP)	10.558	93-136		225,315
Total U.S. Department of Agriculture				225,315
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through City of Bossier City				
Community Development Block Grant - (CDBG)				
Transportation Assistance	14.218	B-20-MC-22-0009		6,361
Total Department of Housing and Urban Development				6,361
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through a local governing board				
Emergency Food and Shelter Program (FEMA)	97.024	356400-019		6,000
COVID-19 Emergency Food and Shelter Program CARES Act	97.024	356400-019		11,500
Total U.S. Department of Homeland Security				17,500
Total Expenditures of Federal Awards			$	**5,000,358**
In-kind matching expenditures (Noncash Awards)				
Head Start	93.600	06CH11395	$	91,533
Early Head Start	93.600	06CH11395		6,361
Total Noncash Awards			$	**97,894**

See accompanying notes.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS

December 31, 2021

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bossier Office of Community Services, Inc. (the "Agency") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

(2) Summary of Significant Accounting Policies

Expenditures reported in the accompanying schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. There were no amounts passed-through to subrecipients.

(3) Indirect Cost Rate

The Agency has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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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*

To the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, 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 Bossier Office of Community Services, Inc. (a nonprofit organization) (the "Entity"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity'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 instances 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 questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, and 2021-006.

Bossier Office of Community Services, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Tetts L Jackson

Houston, Texas
September 27, 2022

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

To the Board of Directors
Bossier Office of Community Services, Inc.
Bossier City, Louisiana

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited Bossier Office of Community Services, Inc.'s (the "Entity's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Entity's, major federal programs for the year ended December 31, 2021. Bossier Office of Community Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Head Start Cluster and Low-Income Home Energy Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Entity complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Head Start Cluster and Low-Income Home Energy Assistance Program for the year ended December 31, 2021.

Basis for Qualified Opinion

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

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

Matters Giving Rise to Qualified Opinion on Head Start Cluster and Low-Income Home Energy Assistance

As described in the accompanying schedule of findings and questioned costs, the Entity did not comply with requirements regarding Head Start Cluster CFDA No. 93.600 as described in finding numbers 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006 for Reporting.

As described in the accompanying schedule of findings and questioned costs, the Entity did not comply with requirements regarding Low-Income Home Energy Assistance Program CFDA No. 93.568 as described in finding numbers 2021-001, 2021-002, 2021-005 for Reporting,

Compliance with such requirements is necessary, in our opinion, for the Entity to comply with the requirements applicable to those programs.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Bossier Office of Community Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A d*eficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-006, and 2021-007 to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Entity's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Houston, Texas
September 27, 2022

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR FINDINGS
YEAR ENDED DECEMBER 31, 2021

Financial Statement Audit Findings

None reported.

Major Federal Award Program Audit Findings

None reported.

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued – Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program
93.600	Head Start Cluster
93.568	Low-Income Home Energy Assistance Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? No

BOSSIER OFFICE OF COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Section II – Financial Statement Findings

2021-001 – Cost Reimbursement Not Reconciled To Eligible Expenditures

Criteria: Cost reimbursement grants are reimbursed based on the expenditures for that grant. The total revenue and total expenditures for cost reimbursement grants should agree. Revenues and expenditures should be reconciled each month to ensure that all eligible expenditures are reimbursed and reported on the books.

Condition: Several grant funds that were cost reimbursement grants ended the year with an excess or deficiency. The funds were not being monitored during the year to ensure that revenues agreed with expenditures in the general ledger.

Cause: Revenue and expenditures posted in the general ledger were not reconciled during the year.

Effect: Some cost reimbursement funds had ending fund balances or fund deficits when they should not have.

Recommendation: General ledger revenue and expenditures for cost reimbursement funds should be reconciled each month to ensure that all funds have been requested and all corresponding expenditures have been reported in the general ledgers.

Views of Responsible Officials: See auditee's corrective action plan.

2021-002 – Failure to Reconcile General Ledger Accounts

Criteria: The Agency should reconcile accounts on a monthly basis.

Condition: The Agency did not reconcile general ledger accounts during the year.

Cause: Overstated account balances, i.e., account payables, retirement expense.

Effect: This resulted in overstatement of balances in the general ledger.

Recommendation: We recommend that the general ledger accounts are reconciled monthly.

Views of Responsible Officials: See auditee's corrective action plan.

2021-003 – Misclassification of Expenses

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(b), 45 CFR section 1301.32 (a) (4) All financial transactions are required to be properly classified.

Condition: Auto related expenses were charged to local travel thereby overstating travel expenses. Certified real estate appraisal was classified as maintenance and repairs.

Cause: Financial procedures were not followed for such expenditures to be properly classified and reported in books of original entry.

Effect: Overstatement of travel expenses and understated auto repair expense.

Recommendation: Properly classify transactions within the cost category line item within the general ledger. Review general ledger to ensure proper account classifications. Auto repair and maintenance should be recorded in auto expense.

Views of Responsible Officials: See auditee's corrective action plan.

2021-004 – Failure to Capitalize Fixed Assets

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(g). All financial transactions are required to be properly classified.

Condition: Purchases were made for items that should have been capitalized but were expensed, i.e., buses.

Cause: Improper recording of capital transactions

Effect: Overstated expenses and understated assets.

Recommendation: We recommend that all capital assets are properly recorded.

Views of Responsible Officials: See auditee's corrective action plan.

2021-005 – Failure to Properly Record Revenue Transactions

Criteria: 45 CFR sections 75.403, 75.404 and 75.405 All financial transactions are required to be properly classified.

Condition: Transactions were being incorrectly recorded, i.e., debiting revenue and crediting receivable.

Cause: Lack of knowledge, attention to detail, and review.

Effect: Understated revenue and understated receivables.

Recommendation: We recommend that transactions are properly recorded, reconciled, and reviewed.

Views of Responsible Officials: See auditee's corrective action plan.

2021-006 – Cost Sharing or Matching Not Accurately Reported

Criteria: 2 CFR 200.306 (b) (1). (i) (3) and 45 CFR 75.306 (b) states "For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

Are verifiable from the non-Federal Entity's records;

(1) Are not included as contribution for any other Federal award;
(2) Are necessary and reasonable for accomplishment of project or program objectives;
(3) Are allowable under subpart E of this part;
(4) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
(5) Are provided for in the approved budget when required by the HHS awarding agency; and
(6) Conform to other provisions of this part, as applicable.

45 CFR 75.306 (e) states "Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

45 CFR 75.306 (i) states "The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.

(3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

Condition: The Agency did not provide proof of valuation rates used to calculate amounts claimed for third-party volunteer services for skills not found in the Agency. Also, as required by 45 CFR 75.306 (i) (3) a certified real estate appraiser conducted appraisals during February 2021, the rates used by the Agency were never updated to ensure that amounts claimed for donated space reflected the current apprised amounts.

Cause: Some information reported by the Agency is not verifiable from the Agency's records. There is lack of internal controls in verification, monitoring, and ensuring accuracy of financial records.

Effect: Inaccurate financial reporting.

Recommendation: We recommend that proof of valuation rates used for matching are readily available to verify all matching amounts claimed in financial reports. We also recommend that the Agency use current appraised values to report space inkind.

Views of Responsible Officials: See auditee's corrective action plan.

Section III – Federal Award Findings and Questioned Costs

Department of Health & Human Services
Head Start Cluster – CFDA No. 93.600 and
Low-Income Home Energy Assistance Program – CFDA No. 93.568

2021-001 – Cost Reimbursement Not Reconciled To Eligible Expenditures

Criteria: Cost reimbursement grants are reimbursed based on the expenditures for that grant. The total revenue and total expenditures for cost reimbursement grants should agree. Revenues and expenditures should be reconciled each month to ensure that all eligible expenditures are reimbursed and reported on the books.

Condition: Several grant funds that were cost reimbursement grants ended the year with an excess or deficiency. The funds were not being monitored during the year to ensure that revenues agreed with expenditures in the general ledger.

Cause: Revenue and expenditures posted in the general ledger were not reconciled during the year.

Effect: Some cost reimbursement funds had ending fund balances or fund deficits when they should not have.

Recommendation: General ledger revenue and expenditures for cost reimbursement funds should be reconciled each month to ensure that all funds have been requested and all corresponding expenditures have been reported in the general ledgers.

Views of Responsible Officials: See auditee's corrective action plan.

Department of Health & Human Services
Head Start Cluster – CFDA No. 93.600 and
Low-Income Home Energy Assistance Program – CFDA No. 93.568

2021-002 – Failure to Reconcile General Ledger Accounts

Criteria: The Agency should reconcile accounts on a monthly basis.

Condition: The Agency did not reconcile general ledger accounts during the year.

Cause: Overstated account balances, (i.e., account payables, retirement expense).

Effect: This resulted in overstatement of balances in the general ledger.

Recommendation: We recommend that the general ledger accounts are reconciled monthly.

Views of Responsible Officials: See auditee's corrective action plan.

Department of Health & Human Services
Head Start Cluster – CFDA No. 93.600

2021-003 – Misclassification of Expenses

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(b), 45 CFR section 1301.32 (a) (4) All financial transactions are required to be properly classified.

Condition: Auto related expenses were charged to local travel thereby overstating travel expenses. Certified real estate appraisal was classified as maintenance and repairs.

Cause: Financial procedures were not followed for such expenditures to be properly classified and reported in books of original entry.

Effect: Overstatement of travel expenses and understated auto repair expense.

Recommendation: Properly classify transactions within the cost category line item within the general ledger. Review general ledger to ensure proper account classifications. Auto repair and maintenance should be recorded in auto expense.

Views of Responsible Officials: See auditee's corrective action plan.

Department of Health & Human Services
Head Start Cluster – CFDA No. 93.600

2021-004 – Failure to Capitalize Fixed Assets

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(g). All financial transactions are required to be properly classified.

Condition: Purchases were made for items that should have been capitalized but were expensed, i.e., buses.

Cause: Improper recording of capital transactions

Effect: Overstated expenses and understated assets.

Recommendation: We recommend that all capital assets are properly recorded.

Views of Responsible Officials: See auditee's corrective action plan.

Department of Health & Human Services
Head Start Cluster – CFDA No. 93.600 and
Low-Income Home Energy Assistance Program – CFDA No. 93.568

2021-005 – Failure to Properly Record Revenue Transactions

Criteria: 45 CFR sections 75.403, 75.404 and 75.405 All financial transactions are required to be properly classified.

Condition: Transactions were being incorrectly recorded, i.e., debiting revenue and crediting receivable.

Cause: Lack of knowledge, attention to detail, and review.

Effect: Understated revenue and understated receivables.

Recommendation: We recommend that transactions are properly recorded, reconciled, and reviewed.

Views of Responsible Officials: See auditee's corrective action plan.

Department of Health & Human Services
Head Start Cluster – CFDA No. 93.600

2021-006 – Cost Sharing or Matching Not Accurately Reported

Criteria: 2 CFR 200.306 (b) (1). (i) (3) and 45 CFR 75.306 (b) states "For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

Are verifiable from the non-Federal Entity's records;

(1) Are not included as contribution for any other Federal award;
(2) Are necessary and reasonable for accomplishment of project or program objectives;
(3) Are allowable under subpart E of this part;
(4) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
(5) Are provided for in the approved budget when required by the HHS awarding agency; and
(6) Conform to other provisions of this part, as applicable.

45 CFR 75.306 (e) states "Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

45 CFR 75.306 (i) states "The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.

(3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

Condition: The Agency did not provide proof of valuation rates used to calculate amounts claimed for third-party volunteer services for skills not found in the Agency. Also, as required by 45 CFR 75.306 (i) (3) a certified real estate appraiser conducted appraisals during February 2021, the rates used by the Agency were never updated to ensure that amounts claimed for donated space reflected the current apprised amounts.

Cause: Some information reported by the Agency is not verifiable from the Agency's records. There is lack of internal controls in verification, monitoring, and ensuring accuracy of financial records.

Effect: Inaccurate financial reporting.

Recommendation: We recommend that proof of valuation rates used for matching are readily available to verify all matching amounts claimed in financial reports. We also recommend that the Agency use current appraised values to report space inkind.

Views of Responsible Officials: See auditee's corrective action plan.

Board President
Pam Glorioso

Executive Director
Debra Hamilton

BOSSIER OFFICE OF COMMUNITY SERVICES
700 Benton Road
Post Office Box 6004
BOSSIER CITY, LA 71171-6004
PHONE 318/747-1045

September 30, 2022

Bossier Office of Community Services is submitting the following response to audit findings, December 31,2021

2021-001 – Cost Reimbursement Not Reconciled To Eligible Expenditures

Criteria: Cost reimbursement grants are reimbursed based on the expenditures for that grant. The total revenue and total expenditures for cost reimbursement grants should agree. Revenues and expenditures should be reconciled each month to ensure that all eligible expenditures are reimbursed and reported on the books.

Condition: Several grant funds that were cost reimbursement grants ended the year with an excess or deficiency. The funds were not being monitored during the year to ensure that revenues agreed with expenditures in the general ledger.

Cause: Revenue and expenditures posted in the general ledger were not reconciled during the year.
Effect: Some cost reimbursement funds had ending fund balances or fund deficits when they should not have.

Recommendation: General ledger revenue and expenditures for cost reimbursement funds should be reconciled each month to ensure that all funds have been requested and all corresponding expenditures have been reported in the general ledgers.

Response: The new Finance Director will ensure that the General ledger revenue and expenditures for cost reimbursement funds be reconcile each month to ensure that all funds have been requested and all corresponding expenditures have been reported in the general ledgers

2021-002 – Failure to Reconcile General Ledger Accounts

Criteria: The Agency should reconcile accounts on a monthly basis.

Condition: The Agency did not reconcile general ledger accounts during the year.

Cause: Overstated account balances, (i.e., account payables, retirement expense).

Effect: This resulted in overstatement of balances in the general ledger.

Recommendation: We recommend that the general ledger accounts are reconciled monthly.

Response: The new Finance Director will ensure that the general ledger accounts are reconcile monthly

2021-003 – Misclassification of Expenses

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(b), 45 CFR section 1301.32 (a) (4) All financial transactions are required to be properly classified.

Condition: Auto related expenses were charged to local travel thereby overstating travel expenses. Certified real estate appraisal was classified as maintenance and repairs.

Cause: Financial procedures were not followed for such expenditures to be properly classified and reported in books of original entry.

Effect: Overstatement of travel expenses and understated auto repair expense.

Recommendation: Properly classify transactions within the cost category line item within the general ledger. Review general ledger to ensure proper account classifications. Auto repair and maintenance should be recorded in auto expense.

Response: There are eight cost category within the Head Start Grant: Personnel, Fringe Benefits, Travel, Equipment, supplies, Contractual, Other and Indirect charge. The other cost category includes utilities, rent, local travel, etc. The instructions provided the definition of local travel which included all expenses associated with providing transportation for the Head start children. (vehicle maintenance, gas, oil etc.)

Therefore, it is the opinion of BOCS, that the expense was properly classified.

2021-004 – Failure to Capitalize Fixed Assets

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(g). All financial transactions are required to be properly classified.

Condition: Purchases were made for items that should have been capitalized but were expensed, i.e., buses.

Cause: Improper recording of capital transactions Effect: Overstated expenses and understated assets.

Recommendation: We recommend that all capital assets are properly recorded.

Response: The new finance Director will ensure that all capital assets are properly recorded

2021-005 – Failure to Properly Record Revenue Transactions

Criteria: 45 CFR sections 75.403, 75.404 and 75.405 All financial transactions are required to be properly classified.

Condition: Transactions were being incorrectly recorded, i.e., debiting revenue and crediting receivable.

Cause: Lack of knowledge, attention to detail, and review.

Effect: Understated revenue and understated receivables. DRAFT 21

Recommendation: We recommend that transactions are properly recorded, reconciled, and reviewed.

Response: The past Bookkeeper is no longer with the Agency. The new finance Director will ensure that the new bookkeeper is trained to properly record and reconcile all transactions.

2021-006 – Cost Sharing or Matching Not Accurately Reported

Criteria: 2 CFR 200.306 (b) (1). (i) (3) and 45 CFR 75.306 (b) states "For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

Are verifiable from the non-Federal Entity's records;

(1) Are not included as contribution for any other Federal award;

(2) Are necessary and reasonable for accomplishment of project or program objectives;

(3) Are allowable under subpart E of this part;

(4) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

(5) Are provided for in the approved budget when required by the HHS awarding agency; and

(6) Conform to other provisions of this part, as applicable.

45 CFR 75.306 (e) states "Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

45 CFR 75.306 (i) states "The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.

(2) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

Condition: The Agency did not provide proof of valuation rates used to calculate amounts claimed for third-party volunteer services for skills not found in the Agency. Also, as required by 45 CFR 75.306 (i) (3) a certified real estate appraiser conducted appraisals during February 2021, the rates used by the Agency were never updated to ensure that amounts claimed for donated space reflected the current apprised amounts.

Cause: Some information reported by the Agency is not verifiable from the Agency's records. There is lack of internal controls in verification, monitoring, and ensuring accuracy of financial records.

Effect: Inaccurate financial reporting.

Recommendation: We recommend that proof of valuation rates used for matching are readily available to verify all matching amounts claimed in financial reports. We also recommend that the Agency use current appraised values to report space inkind.

Responsible: There is proof of validated rates used for matching non-federal share. The finance director will ensure that the current appraisal values is used to report the non-federal share on space.

Section III – Federal Award
Findings and Questioned Costs D
Department of Health & Human Services Head Start Cluster – CFDA No. 93.600 and Low-Income Home Energy Assistance Program – CFDA No. 93.568

2021-001 – Cost Reimbursement Not Reconciled To Eligible Expenditures Criteria: Cost reimbursement grants are reimbursed based on the expenditures for that grant. The total revenue and total expenditures for cost reimbursement grants should agree. Revenues and expenditures should be reconciled each month to ensure that all eligible expenditures are reimbursed and reported on the books.

Condition: Several grant funds that were cost reimbursement grants ended the year with an excess or deficiency. The funds were not being monitored during the year to ensure that revenues agreed with expenditures in the general ledger.

Cause: Revenue and expenditures posted in the general ledger were not reconciled during the year.

Effect: Some cost reimbursement funds had ending fund balances or fund deficits when they should not have.

Recommendation: General ledger revenue and expenditures for cost reimbursement funds should be reconciled each month to ensure that all funds have been requested and all corresponding expenditures have been reported in the general ledgers.

Response: the new finance director will ensure that all funds requested and all corresponding expenditures are reported in the general ledgers

<u>2021-002 – Failure to Reconcile General Ledger Accounts</u>

Criteria: The Agency should reconcile accounts on a monthly basis.

Condition: The Agency did not reconcile general ledger accounts during the year.

Cause: Overstated account balances, (i.e., account payables, retirement expense).

Effect: This resulted in overstatement of balances in the general ledger.

Recommendation: We recommend that the general ledger accounts are reconciled monthly.

Response: The new finance director will ensure that the general ledger accounts are reconcile on a monthly basis.

Department of Health & Human Services Head Start Cluster – CFDA No. 93.600

2021-003 – Misclassification of Expenses

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(b), 45 CFR section 1301.32 (a) (4) All financial transactions are required to be properly classified.

Condition: Auto related expenses were charged to local travel thereby overstating travel expenses. Certified real estate appraisal was classified as maintenance and repairs.

Cause: Financial procedures were not followed for such expenditures to be properly classified and reported in books of original entry.

Effect: Overstatement of travel expenses and understated auto repair expense.

Recommendation: Properly classify transactions within the cost category line item within the general ledger. Review general ledger to ensure proper account classifications. Auto repair and maintenance should be recorded in auto expense.

Response: Same as 2021-003

Department of Health & Human Services Head Start Cluster – CFDA No. 93.600

2021-004 – Failure to Capitalize Fixed Assets

Criteria: 45 CFR sections 75.403, 75.404 and 75.405, (42 USC 9839(g). All financial transactions are required to be properly classified.

Condition: Purchases were made for items that should have been capitalized but were expensed, i.e., buses.

Cause: Improper recording of capital transactions

Effect: Overstated expenses and understated assets.

Recommendation: We recommend that all capital assets are properly recorded.

Response: Same as 2021-004

Department of Health & Human Services Head Start Cluster – CFDA No. 93.600 and Low-Income Home Energy Assistance Program – CFDA No. 93.568
2021-005 – Failure to Properly Record Revenue Transactions

Criteria: 45 CFR sections 75.403, 75.404 and 75.405 All financial transactions are required to be properly classified.

Condition: Transactions were being incorrectly recorded, i.e., debiting revenue and crediting receivable.

Cause: Lack of knowledge, attention to detail, and review.

Effect: Understated revenue and understated receivables.

Recommendation: We recommend that transactions are properly recorded, reconciled, and reviewed.

Response: Same as 2021-004 above

Department of Health & Human Services Head Start Cluster – CFDA No. 93.600
2021-006 – Cost Sharing or Matching Not Accurately Reported

Criteria: 2 CFR 200.306 (b) (1). (i) (3) and 45 CFR 75.306 (b) states "For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

Are verifiable from the non-Federal Entity's records;
(1) Are not included as contribution for any other Federal award;
(2) Are necessary and reasonable for accomplishment of project or program objectives;
(3) Are allowable under subpart E of this part;
(4) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
(5) Are provided for in the approved budget when required by the HHS awarding agency; and
(6) Conform to other provisions of this part, as applicable.

45 CFR 75.306 (e) states "Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by

the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

45 CFR 75.306 (i) states "The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.

(3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

Condition: The Agency did not provide proof of valuation rates used to calculate amounts claimed for third-party volunteer services for skills not found in the Agency. Also, as required by 45 CFR 75.306 (i) (3) a certified real estate appraiser conducted appraisals during February 2021, the rates used by the Agency were never updated to ensure that amounts claimed for donated space reflected the current apprised amounts.

Cause: Some information reported by the Agency is not verifiable from the Agency's records. There is lack of internal controls in verification, monitoring, and ensuring accuracy of financial records.

Effect: Inaccurate financial reporting.

Recommendation: We recommend that proof of valuation rates used for matching are readily available to verify all matching amounts claimed in financial reports. We also recommend that the Agency use current appraised values to report space inkind.

Response: Same as 2021-004 above.

Bossier Office of Community Services continue to strive for excellence.

Sincerely,

Debra Hamilton

Debra Hamilton
Executive HS Director

Bossier Office of Community Services, Inc.
Schedule of Compensation, Benefits and
Other Payments to Chief Executive Officer
For the Year ended December 31, 2021

Chief Executive Officer's Name: Debra A. Hamilton		**Amount**
Purpose		
Salary	$	108,558
Benefits--insurance		4,904
Benefits --retirement		5,428
Benefits--STD/LTD		1,620
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		780
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total	$	121,290

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INDEPENDENT ACCOUNTANT'S' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Bossier Office of Community Services, Inc.
and the Louisiana Legislative Auditor:

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

Bossier Office of Community Services, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

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

c) ***Disbursements***, including processing, reviewing, and approving.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

e) ***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 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 systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Results: Management provided written policies and procedures addressing all of the above, as applicable.

Exceptions:
<u>Contracts</u> – Written policies do not specify (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Management's Response:
Meeting with Executive Director, Finance Director and Bookkeeper to discuss written policies. Review and revise policies to include (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Review and discuss with Board of Director for approval of policies

<u>Credit cards – fuel cards</u> – There is no written policy that describes the procedures on (1) how fuel cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring fuel card usage.

Management's Response:
Review and revise policies to include a written policy that describes the procedures on (1) how fuel cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring fuel card usage.

<u>Information Technology Disaster Recovery/Business Continuity</u> – The written policy does not specify periodic testing/verification that backups can be restored, the use of antivirus software on all systems, timely application of all available systems and software patches/updates, and did not identify personnel, processes, and tools needed to recover operations after a critical event.

Management's Response:
Review and revise policy to specify periodic testing/verification that backups can be restored, the use of antivirus software on all systems, timely application of all available systems and software patches/updates, and did not identify personnel, processes, and tools needed to recover operations after a critical event.

Board (or Finance Committee)

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

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

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

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

Results: Performed procedures, no exceptions noted.

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 account selected, and observe that:

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

   b) Bank reconciliations include 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

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

   Results: Performed procedures.

   Exceptions: Executive Director did not date reconciliations to reflect the date that reconciliations were reviewed.
   Bank statements are not logged in as stated in the Agency's written policies.

   Management's Response:
   Executive Director will review, sign and date all bank reconciliations to reflect the date that reconciliations were reviewed

Finance Director will ensure that Bank statements are logged in when received

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money order (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, 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 that are responsible for collecting cash 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 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). 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, or other related collection documentation to the deposit slip.

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

   d. 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).

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

Results: Procedures performed.

Exceptions: Cash receipts were not logged by the Secretary in accordance with the Agency's written policies.
There was not a listing of cash receipts in accordance with the Agency's policies.
The practitioner was unable to determine if deposits were made within one business day of receipt because receipts were not dated when they were received.
The practitioner was unable to ascertain if the cash receipts were stored securely in a locked safe or drawer if receipt was less than $100.00.
The practitioner was unable to determine who received the receipts.

Management's Response:

Finance Director will ensure that all Cash receipts are logged in and listed on a Cash Receipt log in document

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 and observe that 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.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: Procedures were performed.

Exceptions: Payments to vendors are sometimes mailed or distributed by the same employee who is responsible for processing payments.
Employees who are responsible for processing payments are also adding/modifying vendor files and are not having changes to vendor files reviewed by another employee in accordance with Agency's written policies.

Management's Response:
Finance Director, Bookkeeper and Receptionist have segregation of duties with processing and mailing payments to vendors

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, <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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased,

(2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Procedures were performed.

Exceptions: Interest charges in the amount of $64.37 were assessed on Card Service Center Statement for September 2021 and finance charges in the amount of $36.40 were assessed on Office Depot Card Statement for September 2021.
January 2021's WEX statement was selected for testing of fuel charges. No receipts were provided to support charges on the statement for that month.
Management's list of authorized credit card users that was provided omitted one individual that was listed on the fuel statement for January 2021 as an authorized user.

Management's Response:
Grant funds were not used for payment of interest charge. However, the Finance Director and Bookkeeper must ensure that interest charges are not assessed on credit cards

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.

Results: Procedures were not performed.

Exceptions: Supporting documentation was not provided by Agency to practitioner prior to drafting of report on September 27, 2022.

Management's Response:
Due to time constraint and submission of other lengthy documents, the supporting documentations for travel related expenses and other documents were submitted on September 29, 2022.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, material 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 from the listing, (or all contracts if less than 5) 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 or Home Rule Charter).
   c) 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, was approval documented).
   d) Randomly select one payment from the fiscal period for each of 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: Procedures were performed.

Exceptions: Five contracts were selected for testing from the list obtained from management with the representation that the list was complete. Out of five selections made from the list, no contracts were provided for two of the five selected.
In addition to selections made from the list provided by management, the practitioner randomly picked three additional selections from the general ledger for disbursements for services to see if there were agreements for those services. No contracts were provided.

Management's Response:

The Agency did not find with the SAUP Request an additional request for contract information

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.

    Results: Procedures were performed.

    Exceptions: Practitioner did not find the authorized rate of pay within the personnel files for two employees out of 14 selections tested.

Out of 14 items selected for testing, six out the 14 were employees that had separated from employment with the Agency. For those six selections, no attendance or leave records were provided by the Agency for testing. No termination payments could be tested for these six former employees.

Management's Response:
The information on requested personnel was sent via email on 9/22/2022

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.

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

    Results: 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).

    Results: 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.

Results: Procedure was performed. We observed that the notice was posted, no exceptions noted.

Information Technology Disaster Recovery/Business Continuity

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

    a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

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

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

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

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

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

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

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

***Results**: Not applicable.*

We were engaged by Bossier Office of Community Services, 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 Bossier Office of Community Services, 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.

Houston, Texas
September 27, 2022