

EAST BATON ROUGE TRUANCY ASSESSMENT, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2021

East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

I have audited the accompanying financial statements of East Baton Rouge Truancy Assessment, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Baton Rouge Truancy Assessment, Inc. as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to the agency head or chief executive officer on page 20 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and derives 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

I have previously audited East Baton Rouge Truancy Assessment, Inc.'s 2020 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated December 29, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 17, 2021, on my consideration of East Baton Rouge Truancy Assessment, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Baton Rouge Truancy Assessment, Inc.'s internal control over financial reporting and compliance.



John L. McKowen, CPA
Baton Rouge, Louisiana
December 17, 2021

East Baton Rouge Truancy Assessment, Inc.
 Baton Rouge, Louisiana
Statement of Financial Position
 June 30, 2021
 (with comparative amounts for 2020)

ASSETS

CURRENT ASSETS	2021	2020
Cash and cash equivalents	\$136,352	\$ 67,099
Grants receivable	230,065	109,853
Prepaid expenses	3,138	1,592
Total current assets	369,555	178,544
PROPERTY AND EQUIPMENT, net	419,224	416,679
Total assets	\$788,779	\$595,223

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 1,193	\$ 1,193
Accrued liabilities	31,310	29,110
Bridge loan	109,876	84,907
Total current liabilities	142,379	115,210
LONG TERM LIABILITIES		
PPP Loan	81,377	60,500
Total liabilities	\$223,756	\$178,710
NET ASSETS		
Without donor restrictions	\$565,023	\$419,513
Total liabilities and net assets	\$788,779	\$595,223

East Baton Rouge Truancy Assessment, Inc.

Baton Rouge, Louisiana

Statement of Activities

Year ended June 30, 2021

(with comparative amounts for 2020)

REVENUE AND OTHER SUPPORT	<u>2021</u>	<u>2020</u>
	\$	
Grants and contributions	\$1,091,183	\$ 915,544
In-kind contributions	445,456	445,456
Rent and utilities	254,527	188,738
Forgiveness of PPP loan	60,500	-
Miscellaneous	10,862	1,175
Interest	21	16
	<u>1,862,549</u>	<u>1,550,929</u>
Total revenue and support		
EXPENSES		
Program		
Family and Youth Service Center	1,008,889	931,555
Truancy Assessment Service Center	408,844	327,286
	<u>1,417,733</u>	<u>1,258,841</u>
Total program		
Management and general	299,306	300,640
	<u>1,717,039</u>	<u>1,559,481</u>
Total expenses		
Change in Unrestricted Net Assets	145,510	(8,552)
NET ASSETS, Beginning of year	<u>419,513</u>	<u>428,065</u>
NET ASSETS, End of year	<u>\$ 565,023</u>	<u>\$ 419,513</u>

EAST BATON ROUGE TRUANCY ASSESSMENT, INC.
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021
(with comparative amounts for 2020)

	2021				2020	
	FYSC	TASC	Total Program	Management and General	Total Expenses	Total Expenses
EXPENSES						
Accounting	-	1,800	1,800	22,400	24,200	22,200
Advertising	75	-	75	240	315	-
Computer	5	-	5	67,906	67,911	44,276
Contract labor	-	-	-	-	-	1,616
Depreciation	-	820	820	39,056	39,876	40,322
Equipment	-	1,965	1,965	-	1,965	3,000
Insurance	23,013	9,243	32,256	2,113	34,369	17,635
Interest	-	71	71	-	71	81
Meals and Entertainment	60	-	60	912	972	1,195
Occupancy, in-kind	323,700	23,760	347,460	-	347,460	347,460
Office	9,288	7,600	16,888	3,885	20,773	17,082
Payroll taxes	23,573	23,423	46,996	13,225	60,221	44,995
Professional fees	100,661	5,000	105,661	8,830	114,491	70,267
Repairs and maintenance	89,276	-	89,276	333	89,609	100,395
Salaries and wages	312,237	329,696	641,933	127,552	769,485	711,665
Supplies	2,722	-	2,722	12,609	15,331	20,026
Travel	28	5,466	5,494	49	5,543	5,771
Utilities	124,251	-	124,251	196	124,447	111,495
Total expenses	<u>1,008,889</u>	<u>408,844</u>	<u>1,417,733</u>	<u>299,306</u>	<u>1,717,039</u>	<u>1,559,481</u>

East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021
(with comparative amounts for 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 145,510	\$ (8,552)
Adjustments for non-cash items:		
Depreciation and amortization	39,876	40,322
(Increase) decrease in assets:		
Accounts and other receivables	(120,212)	(48,264)
Prepaid expenses	(1,546)	(1,592)
Increase (decrease) in liabilities:		
Accrued liabilities	2,200	4,598
Unearned revenue	-	(100,000)
	65,828	(113,488)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds of bridge loan	24,969	84,907
Proceeds of PPP loan	20,877	60,500
	45,846	145,407
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(42,421)	(10,709)
	(42,421)	(10,709)
Net increase (decrease) in cash	69,253	21,210
CASH		
Beginning of year	67,099	45,889
End of year	\$ 136,352	\$ 67,099

For the years ended June 30, 2021 and June 30, 2020, East Baton Rouge Truancy Assessment, Inc. had interest expense of \$71 and \$81 respectively, and no income tax expense.

East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

East Baton Rouge Truancy Assessment, Inc. (the organization) is a Louisiana non-profit organization incorporated February 21, 2001, operating in East Baton Rouge Parish, for the purpose of identifying children who have exhibited truant tendencies, assessing the causal problems for these tendencies, and providing services or referring the identified children and their families to necessary services to eliminate or alleviate the causal problems for the truant behavior.

The organization operates the following programs: Truancy Assessment Service Center (TASC) and Family and Youth Service Center (FYSC).

TASC – Designed to provide early identification, rapid assessment, and intensive truancy reduction services to at-risk students in grades kindergarten through fifth grade. The TASC program targets children that are most in need of services as well as “high-risk” schools. TASC is funded by the Louisiana Commission on Law Enforcement.

FYSC – Designed to offer services for youth and families in a convenient and caring environment, FYSC is funded by the East Baton Rouge Parish School Board, Sheriff’s Office, District Attorney’s Office, Mayor - President’s Office and private grants.

Basis of presentation

East Baton Rouge Truancy Assessment, Inc. prepares its financial statements on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements.

The statement of activities presents expenses of East Baton Rouge Truancy Assessment, Inc. functionally by program services, fundraising, and management and general.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with East Baton Rouge Truancy Assessment, Inc.’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, depreciation, prepaid assets, accrued liabilities and in-kind revenues.

Income tax status

East Baton Rouge Truancy Assessment, Inc. qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax.

East Baton Rouge Truancy Assessment, Inc. follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management has determined that there is no impact to the financial statements as a result of ASC 740-10. East Baton Rouge Truancy Assessment, Inc.'s open audit periods are 2019 through 2021.

Cash and cash equivalents

East Baton Rouge Truancy Assessment, Inc. considers all highly liquid investments, money market funds and certificates of deposit with a maturity of three months or less at the date of acquisition to be cash equivalents. There were no cash equivalents at June 30, 2021.

Accounts receivable

Accounts receivable are recorded at cost, net of an allowance for doubtful accounts. Management believes all accounts are collectible; therefore, an allowance has not been recorded at June 30, 2021. The organization does not require collateral for its receivables, and uses the specific identification allowance method, charging off receivables on a case by case basis.

Property and equipment

Property is stated at cost, or fair market value if donated, and depreciated over the estimated useful lives using the straight-line method for values in excess of \$500. Maintenance and repairs expenditures are expensed as incurred.

Revenue recognition

Contributions received are recorded as increases in net assets without donor restrictions, or increases in net assets with donor restrictions depending on the existence and/or nature of

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

Grants, which are considered exchange transactions, are recognized as revenue when allowable costs are incurred to provide the services specified under the terms of the grant agreements. Advances under the grants are recorded as unearned income until such time as they can be recognized as revenue.

NOTE 2 – GRANTS RECEIVABLE

At June 30, 2021, grants receivable were as follows:

	<u>Amount</u>
Louisiana Commission on Law Enforcement	\$130,065
East Baton Rouge District Attorney	100,000
	<u>\$230,065</u>

NOTE 3 – PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment was as follows:

<u>Description</u>	<u>Amount</u>
Land	\$ 73,365
Leasehold improvements	640,459
Equipment	198,123
Parking lot	125,788
Software	43,716
	<u>1,008,086</u>
Less accumulated depreciation	(588,862)
	<u>\$419,224</u>

Depreciation expense for the year ended June 30, 2021 was \$39,876.

The organization purchased leasehold improvements during the year ended June 30, 2021 at a cost of \$42,421.

NOTE 4 – LINE OF CREDIT

The organization has a \$20,000 revolving line of credit with a bank, of which \$1,193 was drawn as of June 30, 2021, bearing interest at 7.25% per annum, unsecured.

NOTE 5 – IN-KIND CONTRIBUTIONS

The East Baton Rouge School System and the Sheriff's Office each provide an employee on an in-kind basis. The estimated value of the in-kind contribution of the employees recognized in the statement of activities is \$97,996 for the year ended June 30, 2021 with the in-kind expenses of the same amount included in salaries.

The Louisiana Department of Education provides office space on an in-kind basis. The estimated value of the in-kind contribution of the facilities' rent recognized in the statement of activities is \$347,460 for the year ended June 30, 2021. The related in-kind expenses included in occupancy in-kind in the statement of activities is also \$347,460.

NOTE 6 – OPERATING LEASES

The organization leases a portion of the facilities that it receives in-kind from the Louisiana Department of Education to various other entities under separate, one year, noncancelable operating leases. As of June 30, 2021, all leases were on a month to month basis.

NOTE 7 – BOARD OF DIRECTORS COMPENSATION

The Board of Directors is a voluntary board, receiving no compensation or per diem.

NOTE 8 – CONCENTRATIONS

The organization receives revenue through grants and contracts administered by the State of Louisiana. The grant contract amounts are appropriated each year by the state government. If significant budget cuts were to be made at the state level, the amount of funds received by the organization could be reduced by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grants and contracts the organization will receive in the next fiscal year.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

At June 30, 2021, the organization had \$366,417 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash and equivalents of \$136,352 and grants receivable of \$230,756.

As part of the organization's liquidity management plan, TASC maintains a \$20,000 line of credit, as discussed in Note 4 and is also periodically provided a bridge loan from the East Baton Rouge Parish School System.

NOTE 10 – ALLOCATION OF FUNCTIONAL EXPENSES

The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses

require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits and professional fees, which are allocated on the basis of estimates of time and effort.

NOTE 11 – SUBSEQUENT EVENTS

Management of East Baton Rouge Truancy Assessment, Inc. has evaluated subsequent events through December 17, 2021, the date that these financial statements were available to be issued and has determined that there are no significant subsequent events that require recognition or disclosure through that date.

John L. McKowen
Certified Public Accountant

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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***

Board of Directors
East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Baton Rouge Truancy Assessment, Inc., which comprise the statement of financial position as of June 30, 2021 and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated December 17, 2021.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be

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material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during the course of my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify one deficiency in internal control, described in the accompanying schedule of findings and responses that I consider to be a significant deficiency (2021-001).

Compliance and Other Matters

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

East Baton Rouge Truancy Assessment, Inc.'s Response to Findings

East Baton Rouge Truancy Assessment, Inc.'s response to the finding in my audit is described in the accompanying schedule of finding and responses. East Baton Rouge Truancy Assessment, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.



John L. McKowen, CPA

Baton Rouge, Louisiana
December 17, 2021

East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the year ended June 30, 2021

Significant Deficiencies

2021-001 Segregation of duties

Condition: Due to the relatively small size of the organization, ideal segregation of duties cannot be achieved. This is a repeat finding from the prior year.

Criteria: The organization should separate responsibilities for authorizing transactions, recording transactions, and custody of assets.

Cause: The size of the organization does not permit proper segregation of duties.

Effect: The lack of segregation of duties increases the risk of fraud related to the misappropriation of assets, financial statement misstatements, or both.

Auditor's Recommendation: While it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, I believe that it is important that management and those charged with governance be made aware that some weaknesses exist and that they should continue to apply diligent oversight and monitoring of activities.

Management's Response: The organization has implemented all suggested safeguards. Debit card purchases are approved by the director and a board member. Bank reconciliations are performed by a bookkeeper on a monthly basis, and the reports are provided to board members at each monthly board meeting. Checks in excess of \$500 require dual signatures. Management will continue to work more efficiently and diligently with the board in providing information and documents to assist in improving oversight and monitoring of all activities.

East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the year ended June 30, 2021

Significant Deficiencies

2020-001 Segregation of duties

Condition: Due to the relatively small size of the organization, ideal segregation of duties cannot be achieved. This is a repeat finding from the prior year.

Criteria: The organization should separate responsibilities for authorizing transactions, recording those transactions, and custody of assets.

Cause: The size of the organization does not permit proper segregation of duties.

Effect: The lack of segregation of duties increases the risk of fraud related to the misappropriation of assets, financial statement misstatements, or both.

Auditor's Recommendation: While it may not be cost effective to justify implementing a full segregation of duties for an extensive system of internal control in all areas, I believe that it is important that management and those charged with governance are aware that some weaknesses exist and that they should continue to apply diligent oversight and monitoring of activities.

Management's Response: The organization has implemented all suggested safeguards. Debit card purchases are approved by the director and a board member. Bank reconciliations are performed by a bookkeeper on a monthly basis, and the reports are provided to board members at each monthly board meeting. Checks in excess of \$500 require dual signatures. Management will continue to work more efficiently and diligently with the board in providing information and documents to assist in improving oversight and monitoring of all activities.

Status: Finding repeats in the current year as *2021-001*

East Baton Rouge Truancy Assessment, Inc.
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2021

AGENCY HEAD NAME: Jennie Ponder, Executive Director

Salary	\$88,000
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