

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
MONROE, LOUISIANA

Financial Statements
For the Year Ended December 31, 2022



THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
The Wellspring Alliance for Families, Inc.

Opinion

We have audited the accompanying financial statements of The Wellspring Alliance for Families, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wellspring Alliance for Families, Inc., as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Wellspring Alliance for Families, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Wellspring Alliance for Families, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Wellspring Alliance for Families, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Wellspring Alliance for Families, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits and other payments to agency head 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023, on our consideration of The Wellspring Alliance for Families, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wellspring Alliance for Families, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Wellspring Alliance for Families, Inc.'s internal control over financial reporting and compliance.

West Monroe, Louisiana
June 27, 2023

Cameron, Hines & Company (APAC)

FINANCIAL STATEMENTS

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

<u>Current Assets</u>	
Cash	\$ 2,598,959
Investment in Stock	502,631
Grants and Other Receivables	841,137
Promises to give, one year or less	99,640
Prepaid Expenses and Other Assets	163,196
Total Current Assets	4,205,563
Land, Building, and Other Assets	5,302,722
Less: Accumulated Depreciation	(2,208,338)
	3,094,384
<u>Other Assets</u>	
Right of Use Asset	710,408
Less: Accumulated Amortization	(218,642)
Net Other Assets	491,766
<u>TOTAL ASSETS</u>	\$ 7,791,713

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>	
Accounts Payable	\$ 89,379
Accrued Expenses	171,766
Lease Liability	209,422
Accrued Compensated Absences	148,999
Total Current Liabilities	619,566
<u>Long-Term Liabilities</u>	
Lease Liability	302,587
<u>Net Assets</u>	
Without Donor Restriction	
Undesignated	1,371,396
Fixed Assets	3,094,384
Board Designated Assets	502,631
	4,968,411
With Donor Restrictions	
Purpose/Time Restriction	1,901,149
	1,901,149
Total Net Assets	6,869,560
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 7,791,713

The accompanying notes are an integral part of this financial statement.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains, and Other Support			
Contributions	\$ 123,748	\$ 1,430,100	\$ 1,553,848
In-kind Contributions	35,790	-	35,790
Counseling Fees	192,048	-	192,048
Grants	6,868,767	-	6,868,767
Interest and Dividend Income	4,030	-	4,030
Other Income	21,898	-	21,898
Gain (Loss) on Investments	76,690	-	76,690
Net Unrestricted Revenues, Gains, and Other Support	7,322,971	1,430,100	8,753,071
Net Assets Released from Restrictions	357,858	(357,858)	-
Total Revenue, Gains, and Other Support	7,680,829	1,072,242	8,753,071
Expenses			
Program Services			
Counseling and Family Development	1,775,868	-	1,775,868
Domestic Violence	1,167,660	-	1,167,660
Family Justice Center	386,616	-	386,616
Homeless Services	2,616,648	-	2,616,648
Rural Victim Services	1,000,464	-	1,000,464
Total Program Services	6,947,256	-	6,947,256
Management and General	570,357	-	570,357
Total Expenses	7,517,613	-	7,517,613
Other Income (Expense)			
Insurance Proceeds	64,368	-	64,368
Total Other Income (Expense)	64,368	-	64,368
<u>INCREASE (DECREASE) IN NET ASSETS</u>	227,584	1,072,242	1,299,826
<u>NET ASSETS AT BEGINNING OF YEAR (restated)</u>	4,740,827	828,907	5,569,734
<u>NET ASSETS AT END OF YEAR</u>	\$ 4,968,411	\$ 1,901,149	\$ 6,869,560

The accompanying notes are an integral part of this financial statement.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES						Management & General	Total
	Counseling- Family Development	Domestic Violence	Family Justice Center	Homeless Services	Rural Victim Services	Total Program Services		
Salaries	1,068,339	\$ 523,135	\$ 239,395	\$ 707,276	\$ 397,900	2,936,045	570,917	\$ 3,506,962
Retirement Expense	24,755	18,872	4,490	10,706	9,054	67,877	13,421	81,298
Payroll Taxes	83,937	62,334	6,635	61,163	22,842	236,911	20,400	257,311
Employee Benefits	111,835	29,091	24,414	38,454	59,353	263,147	50,460	313,607
Total Salaries and Related	1,288,866	633,432	274,934	817,599	489,149	3,503,980	655,198	4,159,178
Computer Maintenance & Network	32,273	20,908	590	26,995	29,763	110,529	6,079	116,607
Direct Aid to Individuals	-	134,907	-	1,302,293	173,097	1,610,297	650	1,610,947
Dues and Memberships	2,396	900	-	-	150	3,446	3,711	7,157
Fund Raising	-	-	-	-	1,292	1,292	8,688	9,980
Groceries and Supplies	1,620	(11,195)	57	27,860	168	18,510	15,603	34,113
Indirect Costs Allocated	47,081	81,684	-	104,699	28,217	261,681	(261,681)	0
Insurance	44,557	55,782	7,105	46,578	31,086	185,109	15,008	200,117
Interest	11,088	-	-	11,656	-	22,744	271	23,015
In-Kind Contributions	3,000	1,000	-	4,000	24,490	32,490	3,300	35,790
Printing, Marketing and Public Relations	8,601	7,620	-	5,052	17,520	38,793	13,175	51,968
Miscellaneous	3,170	840	79	544	678	5,311	553	5,864
Office Supplies	14,461	8,708	60	34,305	14,592	72,126	1,927	74,053
Postage and Shipping	1,236	2,362	-	2,385	160	6,143	1,809	7,952
Professional Fees	72,286	7,803	-	17,563	76,568	174,220	26,217	200,437
Program Supplies	36,045	18,614	1,088	3,135	3,064	61,946	11,847	73,793
Rental Expense	5,229	4,170	263	9,413	28,000	47,075	8,009	55,084
Repairs and Maintenance	13,988	54,594	22,621	23,639	10,118	124,960	27,591	152,551
Seminars and Training	7,850	5,782	938	9,199	816	24,584	689	25,273
Telephone	17,496	21,054	2,637	11,587	24,660	77,434	7,272	84,706
Travel	28,702	4,139	656	10,962	8,950	53,409	1,777	55,186
Utilities	15,446	39,828	29,601	13,675	16,903	115,453	10,235	125,688
Bad Debt Expense	-	-	-	-	-	-	-	-
Depreciation and Amortization	120,477	74,729	45,987	133,509	21,022	395,724	12,430	408,154
TOTAL EXPENSES	\$ 1,775,868	\$ 1,167,660	\$ 386,616	\$ 2,616,648	\$ 1,000,464	\$ 6,947,256	\$ 570,357	\$ 7,517,613

The accompanying notes are an integral part of this financial statement.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 1,299,826
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and Amortization	408,154
(Gain) Loss on Sale of Assets	-
Unrealized (Gains) Losses on Investments	(76,690)
(Increase) Decrease in Operating Assets:	
Grants Receivable and Promises to Give	768,296
Prepaid Expenses and Other Assets	(120,230)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(34,693)
Accrued Expenses and Compensated Absences	91,285
Net Cash Provided by Operating Activities	2,335,948

CASH FLOWS FROM INVESTING ACTIVITIES

Income/Realized Gains on Investments	-
Acquisition of Property and Equipment	(215,445)
Net Cash Used by Investing Activities	(215,445)

CASH FLOWS FROM FINANCING ACTIVITIES

Net Change in Note Payable - LOC	-
Payments on Lease Liability	(166,294)
Net Cash Used by Financing Activities	(166,294)

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,954,209

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 644,750

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 2,598,959

The accompanying notes are an integral part of this financial statement.

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies

Organization

The Wellspring Alliance for Families, Inc., formerly known as YWCA of Northeast Louisiana (the Organization), founded in 1931, serves citizens from 15 parishes in Central and Northeast Louisiana with direct services, education, and advocacy. The agency mission, to strengthen and value individuals and families through professional services and community leadership with compassion and integrity, provides the direction for services and programs which include counseling, telephone crisis intervention, emergency shelter and housing, and mentoring (Youth Empowerment Program).

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without restriction.

Cash and Cash Equivalents

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Receivables

The Organization uses the direct write-off method for bad debts. The results of this method do not materially differ from the allowance method.

Fixed Assets

Fixed assets acquired by The Wellspring Alliance for Families, Inc., are considered to be owned by the Organization. However, federal and state funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Fixed Assets (continued)

Purchases of fixed assets and major improvements in excess of \$1,000 are capitalized at cost. The cost of furniture and equipment acquired prior to 1965 is not determinable and, therefore, is not shown. Value for fixed assets donated prior to 1986 is not determinable and, therefore, not shown. As of January 1, 1986, donated assets have been recorded at their fair market value. Depreciation is computed on the straight-line method over the asset's estimated useful life. The net fixed asset balance has been recorded as separate component net assets without donor restriction.

Income Taxes

The Organization is recognized as a nonprofit corporation under the laws of the State of Louisiana and under Internal Revenue Code Section 501(c)(3). It is, therefore, exempt from federal and state corporation income taxes and no provisions are made for those taxes in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. There was no unrelated business income for 2022. The earliest income tax year that is subject to examination is 2019.

Financial Statement Presentation

FASB adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities Topic 958: Presentation of Financial Statements of Not-for-Profit Entities* establishing standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

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

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

Budget Policy

Budgets for various programs are prepared by the Organization and approved by the grantor of the funds for each respective program as well as the Board of Directors.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 - Promises to Give

Promises to give consist of the following:

Louisiana Bar Foundation	\$ 27,250
United Way of Northeast Louisiana	71,640
Living Well	<u>750</u>
Total Promises to Give	<u>\$ 99,640</u>

Note 3 - Investments

At December 31, 2022, the Wellspring's investments of \$502,631 consist of publicly traded securities and are carried at fair value. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Note 4 - Land, Buildings and Equipment

Major fund classes of land, building, and equipment consist of the following:

The Wellspring Building and Parking Lot	\$ 631,225
The Wellspring Land	197,815
Holly Street Property and Improvements	1,375,501
Holly Street/Railroad Street Land	204,552
Holly Street Furniture and Equipment	32,046
The Wellspring Furniture and Equipment	101,979
Shelter House and Improvements	295,901
Shelter House Land	5,000
Transitional Housing Improvements	2,930
Rape Crisis Equipment – VOCA	342
Family Violence Furniture and Equipment	49,641
Rape Crisis Equipment	2,226
Child Abuse – VOCA	4,955
Crisis Lines	4,275
Shelter Annex Building and Improvements	216,402
Shelter Annex Land	12,000
Outreach and Prevention Equipment	174,951
Big Brothers, Big Sisters Equipment	12,639
Rural Housing Furniture and Fixtures	218,602
Family Justice Center	1,277,982
Family Justice Center Land	151,657
Riverside Drive – Building A	190,461
Riverside Drive – Building A Land	22,014
Counseling Furniture and Equipment	<u>117,626</u>
Total	5,302,722
Less: Accumulated Depreciation	<u>(2,208,338)</u>
Net Land, Buildings, and Equipment	<u>\$ 3,094,384</u>

Depreciation expense for the year ended December 31, 2022, totaled \$218,427.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 5 - Compensated Absences

The Organization's personnel policies permit carry forward of sick time. However, employees are not paid for any unused sick time upon termination. Because the payment for accumulated sick time is contingent upon future employee illness, a liability is not recorded. Accrued compensated absences in the amount of \$148,999 are recorded for vested vacation time.

Note 6 - In-Kind Contributions

In-kind contributions for funds receiving government grants consist of time donated by volunteer workers at a rate of ten to twenty-five dollars per hour established by state and federal regulatory agencies providing the grant funds and donated food, clothing, medical facilities, office space, advertising and other items valued at estimated fair market value. The volunteer hours and donated food and clothing are not recorded in the financial statements.

The following in-kind contributions are recorded in the financial statements:

Office Space	\$ 24,490
Television, Radio, Billboards and Newspaper Ads	<u>11,300</u>
Total Recorded In-Kind Contributions	<u>\$ 35,790</u>

Note 7 - Defined Contribution Plan

During 2007, the Organization received notice from the Young Women's Christian Association Fund that, as of January 1, 2008, non-YWCA organizations would no longer be eligible to participate in the Fund. As a result, the Organization established a 401(k) and contributory plan to be effective January 1, 2008. Employees with more than 90 days of service may contribute to the plan on a pre-tax basis. Employer matching contributions are allowed by the plan; however, none were made for 2022. The Organization's profit sharing was 3% for 2022. The Organization anticipates a 3% profit sharing contribution during all of 2023. Employees with at least 24 months of service in which they earned 2,000 hours are eligible for the profit-sharing contribution. Retirement expense was \$81,298 for 2022.

Note 8 - Commitments and Contingencies

Economic Dependence

The Organization receives a substantial amount of its support from federal and state government grants and from the United Way. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

Line of Credit

The Organization has entered into two line of credit agreements with local banks. The two lines of credit have a combined balance available of \$400,150 and can be used for operating expense shortfalls. At the end of 2022, the Organization had a balance of \$0 outstanding.

Interest of \$0 was paid during 2022.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 9 - Liquidity and Availability

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

Cash and cash equivalents	\$ 2,598,959
Receivables (including promises to give)	940,777
Investments	<u>502,631</u>
 Total Liquid and Available Assets	 <u>\$ 4,042,367</u>

Note 10 - Concentrations of Credit Risk

Cash

The Organization maintains its cash balances in one financial institution. At December 31, 2022, the Organization had bank statement balances totaling \$2,635,451, of which \$250,000 was insured by the Federal Deposit Insurance Corporation.

Note 11 - Fair Value Measurements

Fair values of assets and liabilities measured on a recurring basis at December 31, 2022, are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices</u>	<u>Significant</u>	<u>Significant</u>
<u>December 31, 2022</u>		<u>in Active</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Markets for</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Identical</u>	<u>Inputs</u>	<u>(Level 3)</u>
		<u>Assets/</u>	<u>(Level 2)</u>	
		<u>Liabilities</u>		
		<u>(Level 1)</u>		
Investments	\$ 502,631	\$ 502,631	-	-

Note 12 - Receivables

The Organization receives a substantial amount of its support from governmental entities and United Way. At December 31, 2022, account receivables consisted of:

State and Federal Government Funds	\$ <u>775,306</u>
Promises to Give:	
Louisiana Bar Association	\$ 27,250
United Way of Northeast Louisiana	71,640
Living Well	<u>750</u>
Total Promises to Give	<u>\$ 99,640</u>
Miscellaneous Receivables	<u>\$ 65,831</u>

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 13 - Advertising

Advertising costs are expensed as incurred. During 2022, the Organization expensed \$51,968 as marketing and printing expenses and \$11,300 as in-kind advertising donations.

Note 14 - Leases

The Organization has leased several apartments for a year each, ranging from \$450 to \$725 per month, for various dates concluding in 2022 along with several other apartments on a month-to-month basis. The Organization also leases several satellite offices on a month-to-month basis and rents various office equipment items under operating leases. Rentals aggregating \$55,084 were charged to expense during 2022.

The Counseling and Family Development Center lease was signed beginning in April 2021 and runs for four years through March 2025. During 2016, the Outreach, Prevention and Rapid Rehousing Program was relocated to a new location signing a three-year lease running through April 2019 and renewed for another three years in 2019. Subsequent to year end, this lease was extended an additional three years. In July 2021, the H.O.P.E. program began a four-year lease that runs until 2025. In May 2022, the Homeless program entered into a building lease running through April 2025. These leases are reflected on the balance sheet as right of use assets with a corresponding lease liability and are valued at the present value of the future minimum lease payments.

Future minimum lease payments are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$209,422	\$19,578
2024	222,164	9,436
2025	<u>80,423</u>	<u>838</u>
Total	<u>\$512,009</u>	<u>\$29,852</u>

Note 15 - Subsequent Events

Subsequent events have been evaluated through June 27, 2023, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 16 - Prior Period Adjustment – New Accounting Standard

GASB Statement No. 87 on leases became effective for the year ending December 31, 2022. The new standard requires that lessees record a lease liability and intangible asset representing the lessee's right to use the leased asset. The leased asset is amortized over the course of the lease, and payments made on the lease are recorded against the corresponding liability and interest. The Wellspring has multiple leases, and the standard requires retroactive application.

The restatement of the beginning of the year net assets is as follows:

Net Assets as previously stated January 1, 2022	\$ 5,566,544
Net Change of Net Position due to changes from Adoption of GASB 87	<u>3,190</u>
Net Assets as restated January 1, 2022	<u>\$ 5,569,734</u>

OTHER SUPPLEMENTARY INFORMATION –
GRANT INFORMATION

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Federal AL Number	Fiscal Period	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Continuum of Care Program - Raise the Roof	14.267	2022	163,083	\$ 163,083
Continuum of Care Program - Reach Out: The Rural Initiative	14.267	2021-2022	285,981	116,485
Continuum of Care Program - Reach Out: The Rural Initiative	14.267	2022-2023	281,109	167,213
Continuum of Care Program - Regional Rapid Rehousing	14.267	2021-2022	195,444	166,249
Continuum of Care Program - Regional Rapid Rehousing	14.267	2022-2023	196,560	29,412
Continuum of Care Program - Permanent Supportive Housing	14.267	2022	455,984	455,984
Continuum of Care Program - HUD DV Rapid Rehousing	14.267	2022	96,532	96,532
Continuum of Care Program - HUD DV Coordinated Entry	14.267	2021-2022	94,205	85,800
Continuum of Care Program - HUD DV Coordinated Entry	14.267	2022-2023	94,205	12,668
Through Northeast Louisiana Housing and Supportive Services				
Continuum of Care Program - HUD Coordinated Entry	14.267	2021-2022	119,944	58,165
Continuum of Care Program - HUD Coordinated Entry	14.267	2022-2023	119,944	30,665
				1,382,256 *
Through City of Monroe, LA				
COVID-19 - Emergency Solutions Grants Program	14.231	2021-2022	50,000	21,722
COVID-19 - Emergency Solutions Grants Program	14.231	2021-2022	55,000	3,521
Through Northeast Louisiana Housing and Supportive Services				
COVID-19 - ESG-CV Cares Act	14.231	2022	11,186	11,186
COVID-19 - ESG-CV Cares Act	14.231	2020-2022	471,004	164,801
				201,230
<u>U.S. Department of Justice</u>				
Violence Against Women Transitional Housing	16.736	2017-2023	807,539	154,141
Wellspring SAFER MultiDisciplinary High Risk Team Program	16.589	2016-2022	1,101,099	177,970
Wellspring SAFER MultiDisciplinary High Risk Team Program	16.589	2022-2025	750,000	17,815
				195,785
Improving Criminal Justice Responses	16.021	2022-2025	550,000	186,062
Improving Criminal Justice Responses	16.590	2018-2022	450,000	11,816
Through Louisiana Commission on Law Enforcement				
Crime Victim Assistance - Domestic Violence Counseling Program 2 - 5744	16.575	2021-2022	404,915	174,252
Crime Victim Assistance - Domestic Violence Counseling Program 2 - 6250	16.575	2022-2023	281,865	131,877
Crime Victim Assistance - Domestic FJC Program 2 - 5754	16.575	2021-2022	366,691	161,738
Crime Victim Assistance - Domestic FJC Program 2 - 6233	16.575	2022-2023	253,079	110,547
Crime Victim Assistance - Domestic Violence Rural Services Program 2 - 5765	16.575	2021-2022	171,788	81,095
Crime Victim Assistance - Domestic Violence Rural Services Program 2 - 6228	16.575	2022-2023	100,528	44,117
Crime Victim Assistance - Domestic Violence Program - 5934	16.575	2021-2022	73,790	42,773
Crime Victim Assistance - Domestic Violence Program - 6800	16.575	2022-2023	52,664	21,087
				767,486 *

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

	Federal AL Number	Fiscal Period	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Justice</u>				
Through Louisiana Commission on Law Enforcement				
Domestic Violence - 6602	16.588	2022	18,881	18,752
Sexual Assault - 6600	16.588	2022	32,266	32,266
				<u>51,018</u>
Sexual Assault Services Program - 6564	16.017	2022	67,578	67,406
<u>U.S. Department of Agriculture</u>				
Through Louisiana Department of Education				
Child and Adult Care Food Program	10.558	2021-2022	15,463	5,217
<u>United States Department of Health & Human Services</u>				
HOPE Project	93.592	2021-2022	399,038	293,048
HOPE Project	93.592	2022-2023	432,692	115,150
HOPE Project	93.592	2021-2025	442,308	144,191
				<u>552,389</u>
Through Louisiana Department of Health & Human Services				
Louisiana Children's Trust Fund	93.590	2021-2022	26,543	13,810
Louisiana Children's Trust Fund	93.590	2022-2023	50,000	17,824
				<u>31,634</u>
Through Louisiana Department of Health & Hospitals				
Through Louisiana Foundation Against Sexual Assault				
Rape Crisis Program	93.991	2020-2022	114,539	8,916
Rape Crisis Program	93.991	2022-2024	56,684	43,567
				<u>52,483</u>
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter Program	97.024	2021-2023	24,181	22,120
Emergency Food and Shelter Program	97.024	2021-2023	35,819	33,881
				<u>56,001</u>

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

	<u>Federal AL Number</u>	<u>Fiscal Period</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Children and Family Services</u>				
Through Louisiana Department of Children and Family Services				
Family Violence Prevention & Services Act	93.671	2021-2023	1,480,000	749,932
Family Violence Prevention & Services Act	93.671	2021-2025	173,782	39,409
COVID-19 - DCFS CARES	93.671	2021-2025	510,059	<u>107,770</u>
				897,111
477 Cluster				
Temporary Assistance for Needy Families	93.558	2021-2022	374,093	191,148
Temporary Assistance for Needy Families	93.558	2022-2023	249,395	<u>198,156</u>
Total 477 Cluster				389,304
Through Tulane University				
CCDF Cluster				
Child Care and Development Block Grant	93.575	2021-2022	384,169	175,137
Child Care and Development Block Grant	93.575	2022-2023	478,858	<u>210,145</u>
Total CCDF Cluster				385,282
Through Children's Coalition				
My Community Cares	93.566	2022-2023	259,576	21,952
<u>U.S. Department of Veterans Affairs</u>				
Supportive Services for Veteran Families	64.033	2021-2022	731,409	475,911
Supportive Services for Veteran Families	64.033	2021-2022	767,979	560,424
Supportive Services for Veteran Families	65.033	2022-2023	351,698	3,805
Supportive Services for Veteran Families	66.033	2021-2023	637,241	154,195
Supportive Services for Veteran Families	64.033	2022-2023	114,217	<u>48,001</u>
				<u>1,242,336</u>
Total Federal Expenditures				<u><u>\$ 6,650,909</u></u>

* Denotes major programs.

See accompanying notes to schedule of expenditures of federal awards.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of The Wellspring Alliance for Families, Inc. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. Federal Indirect Cost Rate

The Wellspring Alliance for Families, Inc. did not elect to use the 10% de minimis federal indirect cost rate for the year ended December 31, 2022.

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

Board of Directors of
The Wellspring Alliance for Families, Inc.

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 The Wellspring Alliance for Families, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Wellspring Alliance for Families, Inc.'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 Wellspring Alliance for Families, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Wellspring Alliance for Families, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Wellspring Alliance for Families, Inc.'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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that is required to be reported under the *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Wellspring Alliance for Families, Inc.'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 Wellspring Alliance for Families, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

West Monroe, Louisiana
June 27, 2023

Cameron Hines & Company (APAC)

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

Board of Directors of
The Wellspring Alliance for Families, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Wellspring Alliance for Families, Inc.'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 Wellspring Alliance for Families, Inc.'s major federal programs for the year ended December 31, 2022. The Wellspring Alliance for Families, Inc.'s major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, The Wellspring Alliance for Families, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility

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 Wellspring Alliance for Families, Inc.'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 generally accepted auditing standards, *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 one 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 judgement made by a reasonable user of the report on compliance about The Wellspring Alliance for Families, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 Wellspring Alliance for Families, Inc.'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 Wellspring Alliance for Families, Inc.'s internal control 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 Wellspring Alliance for Families, Inc.'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, significant audit findings, and certain internal control related matters that we have identified during the audit.

Report on Internal Control Over Compliance

A deficiency 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors of
The Wellspring Alliance for Families, Inc.
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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.

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.

West Monroe, Louisiana
June 27, 2023

Cameron Hines & Company (APAC)

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unmodified opinion on the financial statements of The Wellspring Alliance for Families, Inc. (Wellspring).
2. No significant deficiencies were disclosed during the audit of the financial statements to be reported in the 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* and Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
3. No instances of noncompliance material to the financial statements of The Wellspring Alliance for Families, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs in the Report On Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program And On Internal Control Over Compliance In Accordance With Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards.
5. The auditors' report on compliance for the major federal award programs for The Wellspring Alliance for Families, Inc., expressed an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award program for Wellspring.
7. The programs tested as major programs included the Continuum of Care Program under AL No. 14.267 and the Crime Victim Assistance Program under AL No. 16.575.
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Wellspring does qualify to be a low-risk auditee.

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022 (CONTINUED)

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. Department of Housing and Urban Development – Continuum of Care Program

AL No. 14.267; Program Period – 2021-2023

Louisiana Commission on Law Enforcement – Crime Victim Assistance Program

AL No. 16.575; Program Period – 2021-2023

There were no findings related to these major federal programs.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

There were no findings in the prior year audit report dated June 27, 2022.

THE WELLSPRING ALLIANCE FOR FAMILIES, INC.
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2022

Agency Head -
Caroline Cascio

Salary and Expense Account	\$ 105,528
Per Diem Allowance	168
Benefits - Insurance	8,200
Benefits - Retirement	3,166
Cell Phone Reimbursement	600
Travel	705
MFT Licensure	<u>346</u>
	<u>\$ 118,713</u>

THE WELLSRING ALLIANCE FOR FAMILIES, INC.
MONROE, LOUISIANA

*Independent Accountants' Report on
Applying Agreed-Upon Procedures*

For the Year Ended December 31, 2022



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Wellspring Alliance for Families, 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, 2022 through December 31, 2022. The Wellspring Alliance for Families, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Wellspring Alliance for Families, 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, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***², including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: No exceptions noted.

2) Board or Finance Committee³

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

² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

⁴Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

Findings: No exceptions noted.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.¹¹
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

¹² As required by Louisiana Revised Statute 39:1212.

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

Findings: No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management’s representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹⁴. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

¹³ Including cards used by school staff for either school operations or student activity fund operations.

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

Findings: No exceptions noted.

7) *Travel and Travel-Related Expense Reimbursements*¹⁵ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

¹⁶ If the entity has adopted the state Procurement Code, replace “Louisiana Public Bid Law” with “Louisiana Procurement Code.”

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

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: No exceptions noted.

¹⁷ "Officials" would include those elected, as well as board members who are appointed.

¹⁸ 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.

10) *Ethics*¹⁹

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings: This procedure is not applicable to this entity.

11) *Debt Service*²⁰

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings: This procedure is not applicable to this entity.

12) *Fraud Notice*²¹

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

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

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

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
 - i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

14) Prevention of Sexual Harassment²²

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

²² While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

- C. 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 that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: No exceptions noted.

We were engaged by the Wellspring Alliance for Families, 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 the Wellspring Alliance for Families, 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.

Cameron Hines & Company (APAC)

West Monroe, Louisiana
June 27, 2023