ADVOCACY CENTER

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Postlethwaite & Netterville
A Professional Accounting Corporation
pncpa.com

ADVOCACY CENTER

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

TABLE OF CONTENTS

Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Advocacy Center

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Advocacy Center (a non-profit organization) (the Center), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Center's preparation and fair presentation of the consolidated 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 Center's internal control. Accordingly, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Postlethwaite & Netterville

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Advocacy Center as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Center adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2014-09 *Revenue from Contracts with Customers*, as of October 1, 2019.

Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. 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*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Postlethwaite & Netterville

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021, on our consideration of the Center'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 Center'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 Center's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
March 15, 2021

ADVOCACY CENTER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS

Cash	$	1,022,623
Grants receivable		539,876
Prepaid expenses and deposits		73,012
Investments		386,381
Property and equipment, net		1,092,771
Total assets	$	3,114,663

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued liabilities	$	131,422
Accrued vested annual leave benefits		157,710
Notes payable		839,850
Total liabilities		1,128,982
NET ASSETS		
Without donor restrictions		1,985,681
Total net assets		1,985,681
Total liabilities and net assets	$	3,114,663

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

ADVOCACY CENTER

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions
REVENUES AND SUPPORT	
Grants	$ 3,504,185
Contributions	21,501
Attorney fees	207,516
Other	43,916
Investment income, net	15,316
Total revenues and support	3,792,434
EXPENSES	
Program services	3,312,142
Support services	303,375
Total expenses	3,615,517
Change in net assets	176,917
NET ASSETS, BEGINNING OF YEAR	1,808,764
NET ASSETS, END OF YEAR	$ 1,985,681

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

ADVOCACY CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services						
	Protection and Advocacy for the Developmentally Disabled	Protection and Advocacy for Individuals with Mental Illness	Protection and Advocacy of Individual Rights	Community Living Ombudsman Program	Louisiana Department of Justice Supported Independent Living Advocacy Program	City of New Orleans Housing Assistance Plus Program	Protection and Advocacy for Beneficiaries with Representative Payees
Salaries	$ 344,377	$ 217,494	$ 165,394	$ 578,585	$ 100,267	$ 916	$ 283,522
Fringe benefits	57,347	35,603	27,767	113,509	18,997	158	63,420
Occupancy and other office-related costs	17,138	15,275	9,063	49,391	10,512	43	44,807
Informational technology service contracts	17,454	11,207	9,136	39,558	6,590	23	21,077
Consultant fees	1,362	974	702	3,031	484	-	1,566
Travel	2,592	14,039	1,311	13,628	705	-	5,168
Contractual services	19,798	29,144	16,779	40,261	7,255	-	20,604
Miscellaneous	8,214	6,883	3,281	7,489	1,277	56	5,760
Interest expense	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-
Equipment expenses	150	90	226	10,887	1,865	-	638
Total expenses	$ 468,432	$ 330,709	$ 233,659	$ 856,339	$ 147,952	$ 1,196	$ 446,562

(continued)

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

ADVOCACY CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(CONTINUED)

	Program Services				Supporting Services		
	Financial Access Inclusion and Resources	Work Incentives Planning and Assistance	Other Programs	Total Program Services	Management and General	Eighth Muse	Total
Salaries	$ 134,780	$ 126,491	$ 316,064	$ 2,267,890	$ 57,715	$ -	$ 2,325,605
Fringe benefits	24,815	22,765	46,570	410,951	42,957	-	453,908
Occupancy and other office-related costs	7,080	7,603	16,227	177,139	19,510	46,444	243,093
Informational technology service contracts	8,118	7,806	20,978	141,947	15,634	-	157,581
Consultant fees	2,066	11,654	5,926	27,765	3,058	-	30,823
Travel	1,055	786	2,598	41,882	4,613	-	46,495
Contractual services	16,914	8,693	24,237	183,685	20,231	-	203,916
Miscellaneous	2,174	1,752	6,489	43,375	4,780	-	48,155
Interest expense	-	-	-	-	-	44,211	44,211
Depreciation expense	-	-	-	-	2,530	39,764	42,294
Equipment expenses	325	61	3,266	17,508	1,928	-	19,436
Total expenses	$ 197,327	$ 187,611	$ 442,355	$ 3,312,142	$ 172,956	$ 130,419	$ 3,615,517

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

ADVOCACY CENTER

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 176,917
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	42,294
Unrealized gain on investments	(10,116)
Change in assets and liabilities	
Grants receivable	(46,471)
Prepaid expenses and deposits	(48,269)
Accounts payable and accrued liabilities	(51,225)
Accrued vested annual leave benefits	49,433
Net cash provided by operating activities	112,563
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of notes payable	(43,212)
Net cash used in financing activities	(43,212)
Net increase in cash	69,351
Cash, beginning of year	953,272
Cash, end of year	$ 1,022,623
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	$ 44,211

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

(1) Organization

The accompanying consolidated financial statements include the accounts of Advocacy Center and Eighth Muse, Incorporated (collectively, the Center) due to Advocacy Center's control and economic interest of Eighth Muse, Incorporated. All significant intercompany accounts and transactions have been eliminated.

Advocacy Center was organized to protect and advocate for the human and legal rights of persons living in Louisiana who are elderly or disabled. Advocacy Center was founded pursuant to a federal law establishing protection and advocacy systems in each state and territory in the U.S. The mandate of the protection and advocacy systems is "to pursue legal, administrative, and other appropriate means to ensure the rights of persons with development disabilities in the state." Since 1977, the client base has been expanded to include other populations, such as persons with other mental and physical disabilities and senior citizens.

Effective February 2020, Advocacy Center changed its name under which it does business from Advocacy Center to Disability Rights Louisiana. The longtime mission and services remain unchanged.

Eighth Muse, Incorporated is a non-profit organization organized under the laws of the State of Louisiana. Its primary purpose is the leasing of a commercial building that serves as the administrative and program offices of the Advocacy Center in New Orleans, Louisiana.

The Center's key programs include:

Protection & Advocacy for Individuals with Developmental Disabilities (PADD)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals who have a diagnosis of intellectual and/or developmental disabilities (I/DD).

Protection & Advocacy for Individuals with Mental Illness (PAIMI)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals who have documented mental illness.

Protection & Advocacy for Individual Rights (PAIR)

Primarily legal work and policy work that is performed on behalf of an individual with disabilities who are not covered under PADD or PAIMI (typically physical disabilities and/or adult onset/acquired disabilities).

Community Living Ombudsmen Program (CLOP)

Statewide program that monitors private intermediate care facility/developmentally disabled individuals for instances of abuse and neglect. Also assists in moving individuals with I/DD into the community.

Supported Independent Living Advocacy Program (SILAP)

Program designed to assist individuals with I/DD who are receiving home and community based services benefits (residing in the Greater New Orleans and Baton Rouge areas) to be supported in the community and not be subjected to abuse and neglect.

(1) Organization (continued)

Representative Payee Program

This program conducts reviews on representative payee performance on behalf of the Social Security Administration (SSA). The program provides oversight to representative payees and their services to beneficiaries as well as giving them support to better understand their role and responsibilities.

Financial Accessibility Inclusion and Resource (FAIR)

Program which assists formerly incarcerated individuals with disabilities in the Greater New Orleans area obtain employment and gain economic and financial stability.

Work Incentives Planning and Assistance (WIPA)

Education and assistance provided to individuals with disabilities who are receiving various types of disability (and other) benefits and how those benefits may be affected by income and assets.

Protection & Advocacy for Individuals with Traumatic Brain Injury (PATBI)

Primarily legal work and policy work that is performed on behalf of an individual or group of individuals who have sustained a traumatic brain injury after the age of 22 (examples: car accidents and combat veterans).

Protection & Advocacy for Assistive Technology (PAAT)

Primarily legal work that is performed on behalf of an individual or individuals with any disability that involves them exercising their right to appropriate forms of disability related assistive technology.

Protection & Advocacy for Beneficiaries of Social Security (PABSS)

Primarily legal work, advocacy and policy work that is performed on behalf of an individual with a disability who is currently being provided social security benefits (ex: handling situations of over payment).

Protection & Advocacy of Voter Assistance (PAVA)

Legal, advocacy, policy and monitoring work that increases voter participation among individuals with disabilities (ex: monitoring polling sites for accessibility compliance).

Client Assistance Program (CAP)

Primarily advocacy and case management around assisting individuals with disabilities who are eligible for state vocational rehabilitation services to understand supports and how to use them to gain employment.

Interest on Lawyer's Trust Account (IOLTA) – Louisiana Bar Foundation

A dual program (divided into serving Children and Adults with disabilities). Used to provide legal services to individuals with mental illness.

(2) Summary of Significant Accounting Policies

Basis of Presentation
The accompanying consolidated financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

U.S. GAAP requires the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of September 30, 2020, the Center had no donor restricted net assets.

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

Cash and Cash Equivalents
Cash includes amounts on deposit at reputable financial institutions. The Center considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents. The Center held no cash equivalents as of September 30, 2020.

Grants Receivable
Grants receivable are stated at the amount management expects to collect from outstanding balances. Management determines the allowance for uncollectable grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable. The Center considers grants receivable to be fully collectable since the balance consists principally of payments due under governmental contracts; therefore, management determined no allowance was required as of September 30, 2020.

Investments
The Center records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment income is reported in the consolidated statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external investment expenses.

(2) Summary of Significant Accounting Policies (continued)

Property and Equipment
The Center records property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 25 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended September 30, 2020.

Revenue Recognition
The Center recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measureable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met. Consequently, at September 30, 2020, contributions approximating $83,000 have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not yet been met.

Revenues from grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The Center recognized as revenue all funds related to these grants during the year ended September 30, 2020.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or support services categories based on specific identification where possible. The expenses that are allocated include salaries and fringe benefits for employees that do not work directly on program related activities, operating expenses, information technology services, consultant fees, and contractual services, which are allocated based on actual employee time records.

(2) Summary of Significant Accounting Policies (continued)

Income Taxes
Advocacy Center and Eighth Muse, Incorporated are not-for-profit corporations organized under the laws of the State of Louisiana. They are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

The Center has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income, if any; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk
The Center manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Center has not experienced losses in any of these accounts.

Credit risk associated with grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Center's mission.

Recently Adopted Accounting Standards
Effective October 1, 2019, the Center adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Not-for-Profit Entities (Topic 958)*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this new standard did not have a material impact on the measurement or recognition of revenue.

The Financial Accounting Standards Board (FASB) has issued ASU 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. There were no material changes to recognition or presentation of revenue or disclosures as a result of the application of this ASU.

(2) Summary of Significant Accounting Policies (continued)

Accounting Pronouncements Issued but Not Yet in Effect
On September 17, 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Center's fiscal year ending September 30, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)*: Targeted Improvements, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Center's fiscal year ending September 30, 2023.

The Center is currently assessing the impact of these pronouncements on its consolidated financial statements.

(3) Liquidity and Availability

The Center regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Center receives grants and contributions without donor restrictions and investment income without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include programmatic expenses, administrative and general expenses, and fundraising expenses expected to be paid in the subsequent year.

The Center manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments will continue to be met, ensuring the sustainability of the Center.

(3) Liquidity and Availability (continued)

The table below presents the Center's financial assets available for general expenditures within one year at September 30, 2020:

Cash	$ 1,022,623
Grants receivable	539,876
Investments	386,381
	$ 1,948,880

In addition to the above amounts, the Center has an unused line of credit available in the amount of $250,000 as of September 30, 2020, to fund operations, if no other sources are available.

(4) Investments

Investments at September 30, 2020, consist of the following:

	Fair Market Value
Money market accounts - brokerage account	$ 1,596
Certificates of deposit	384,785
	$ 386,381

(5) Grants Receivable

Grants receivable as September 30, 2020, consist of the following:

U.S. Department of Health and Human Services	$ 122,188
Social Security Administration	97,854
State of Louisiana - Department of Justice	285,609
Private foundations	34,225
	$ 539,876

(6) Property and Equipment

Property and equipment at September 30, 2020, consist of the following:

Building	$ 530,617
Building improvements	434,951
Equipment	7,590
	973,158
Less accumulated depreciation	(345,387)
Land	465,000
Property and equipment, net	$ 1,092,771

(7) Notes Payable

Notes payable at September 30, 2020, consist of the following:

Note payable to a loan corporation, due in monthly installments of $1,849, which includes a fixed interest rate of 4%. The loan matures March 2022 with a balloon payment of $100,411. Note is collateralized by commercial real estate.	$ 126,828
Note payable to a financial institution, due in monthly installments of $5,436, which includes a fixed interest rate of 5.25%. The loan matures February 13, 2037. Note is collateralized by real property at 1217 Cambronne, 8325 Oak Street, and 8339 Oak Street.	713,022
	$ 839,850

As of September 30, 2020, minimum required principal payments are as follows:

Year ending September 30	
2021	$ 45,395
2022	138,877
2023	31,093
2024	32,697
2025	34,572
Thereafter	557,216
	$ 839,850

The Center has a $250,000 revolving line of credit with a financial institution. The line is renewed annually and last renewal closed on August 28, 2020 and matures on August 29, 2021. The rate at September 30, 2020, was 6.75%. There was no outstanding balance as of September 30, 2020.

(8) Commitments

Advocacy Center leases office space for its administrative office and two branch locations in Lafayette, Baton Rouge, and New Orleans. The administrative office in New Orleans is leased from Eighth Muse, Incorporated (a related party) and the rental income/expense totaling $182,466 is eliminated for financial statement presentation. The Lafayette lease is under a non-cancellable operating lease expiring January 2021 and the Baton Rouge lease expires in March 2022.

(8) Commitments (continued)

Future minimum lease payments are as follows:

Year ending September 30		
2021	$	16,800
2022		1,994
	$	18,794

Rent expense to third parties for the year ended September 30, 2020, totaled $40,077.

(9) Retirement Plan

Advocacy Center sponsors a 401(k) plan covering all employees twenty-one years or older starting upon date of hire. The Center provides a discretionary employer match up to .50% of eligible compensation. Included in fringe benefit expense for the year ended September 30, 2020, is $7,606 related to the employer match. The Center also provides an additional discretionary contribution to employees after 500 hours of service. The discretionary percentage was 3% for the year ended September 30, 2020. Included in fringe benefit expense for the year ended September 30, 2020, is $63,390 related to the employer discretionary contribution. Employees are 100% vested after three years of service from date of hire.

(10) Fair Value Measurement

The Center reports certain assets at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Center can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Center develops inputs using the best information available in the circumstances.

(10) Fair Value Measurement (continued)

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Center's assessment of the quality, risk, or liquidity profile of the asset.

The Center's investments are held in brokered money market accounts and certificates of deposit, which are short term in nature and are valued at fair value, which is reflective of cost plus accrued interest. The investments are considered Level 1 in the valuation input hierarchy described above.

There have been no changes in the methodologies used during the year ended September 30, 2020.

(11) Federally Assisted Programs

The Center participates in a number of federally assisted programs. These programs are audited in accordance with the Uniform Guidance. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Center's management believes that further examinations would not result in any significant disallowed costs.

(12) Economic Dependency and Concentrations

The Center received the majority of its revenue from funds provided through grants administered by the federal government and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Center receives could be reduced significantly and have an adverse impact on its operations. Approximately 92% of its total revenues for the year ended September 30, 2020, came from government grants. Approximately 31% of the grant revenue comes directly from the U.S. Department of Health and Human Services.

(13) Outbreak of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the continuing impact of the COVID-19 pandemic on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Center's donors, employees and vendors, all of which are uncertain and cannot be predicted.

(14) Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 15, 2021, and determined that other than the matters regarding the continuing impact of the outbreak of COVID-19 described in Note 13, there were no other events that require additional disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

<u>SUPPLEMENTAL INFORMATION</u>

ADVOCACY CENTER

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS

	ADVOCACY CENTER	EIGHTH MUSE, INC.	ELIMINATIONS	TOTAL
Cash	$ 870,059	$ 152,564	$ -	$ 1,022,623
Grants receivable	539,876	-	-	539,876
Prepaid expenses and deposits	60,405	12,607	-	73,012
Investments	386,381	-	-	386,381
Property and equipment, net	5,060	1,087,711	-	1,092,771
Loan receivable	249,985	-	(249,985)	-
Total assets	$ 2,111,766	$ 1,252,882	$ (249,985)	$ 3,114,663

LIABILITIES AND NET ASSETS

	ADVOCACY CENTER	EIGHTH MUSE, INC.	ELIMINATIONS	TOTAL
LIABILITIES				
Accounts payable and accrued liabilities	$ 131,422	$ -	$ -	$ 131,422
Accrued vested annual leave benefits	157,710	-	-	157,710
Notes payable	-	1,089,835	(249,985)	839,850
Total liabilities	289,132	1,089,835	(249,985)	1,128,982
NET ASSETS				
Without donor restrictions	1,822,634	163,047	-	1,985,681
Total net assets	1,822,634	163,047	-	1,985,681
Total liabilities and net assets	$ 2,111,766	$ 1,252,882	$ (249,985)	$ 3,114,663

See acccompanying Independent Auditors' Report.

ADVOCACY CENTER

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	ADVOCACY CENTER Without Donor Restrictions	EIGHTH MUSE, INC. Without Donor Restrictions	Eliminations	Total
REVENUES AND SUPPORT				
Grants	$ 3,504,185	$ -	$ -	$ 3,504,185
Rental income	-	182,466	(182,466)	-
Contributions	21,501	-	-	21,501
Attorney fees	207,516	-	-	207,516
Other	43,794	122	-	43,916
Investment income, net	15,316	-	-	15,316
Total revenues	3,792,312	182,588	(182,466)	3,792,434
EXPENSES				
Program services	3,485,485	-	(173,343)	3,312,142
Support services	182,079	130,419	(9,123)	303,375
Total expenses	3,667,564	130,419	(182,466)	3,615,517
Change in net assets	124,748	52,169	-	176,917
NET ASSETS, BEGINNING OF YEAR	1,697,886	110,878	-	1,808,764
NET ASSETS, END OF YEAR	$ 1,822,634	$ 163,047	$ -	$ 1,985,681

See accompanying Independent Auditors' Report.

ADVOCACY CENTER

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD FOR THE YEAR ENDED SEPTEMBER 30, 2020

Agency Head Name: Christopher Rodriguez, Executive Director

Purpose		Amount
Salary	$	150,000
Benefits - insurance		5,279
Benefits - retirement		4,817
Per diem		582
Reimbursements		10,964
Travel		244
Conference travel		2,368
	$	174,254

See accompanying Independent Auditors' Report.

Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

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*

To the Board of Directors of
Advocacy Center

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 consolidated financial statements of Advocacy Center (the Center) which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2020 – 001 that we consider to be a significant deficiency.

Postlethwaite & Netterville

Compliance and Other Matters

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

The Center's Responses to Findings

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Postlethwaite & Netterville

Metairie, Louisiana
March 15, 2021

P&N
Postlethwaite & Netterville

30th Floor, Energy Centre, 1100 Poydras Street – New Orleans, LA 70163
One Galleria Blvd., Suite 2100 – Metairie, LA 70001
504-837-5990 Phone – 504-834-3609 Fax – pncpa.com

A Professional Accounting Corporation

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

To the Board of Directors of
Advocacy Center

Report on Compliance for Each Major Federal Program

We have audited Advocacy Center's (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended September 30, 2020. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center 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 its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's 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.

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

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.

Postlethwaite & Netterville

Metairie, Louisiana
March 15, 2021

ADVOCACY CENTER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Federal Expenditures*
Department of Health and Human Services		
Direct Programs:		
Protection and Advocacy for Individuals with Mental Illness (PAIMI)	93.138	$ 366,310
HAVA Protection & Advocacy: Voting Rights (PAVA)	93.618	118,315
DD Act State Protection & Advocacy Centers (PADD)	93.630	524,696
AT Act Protection & Advocacy: Assistive Technology (PAAT)	93.843	42,175
TBI Act Protection & Advocacy: Traumatic Brain Injury (PATBI)	93.873	46,295
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		1,097,791
Department of Education		
Direct Programs:		
Rehabilitation Services Client Assistance Program (CAP)	84.161	118,940
Program of Protection and Advocacy of Individual Rights (PAIR)	84.240	217,455
TOTAL DEPARTMENT OF EDUCATION		336,395
Social Security Administration		
Direct Programs:		
South Louisiana Benefits Planning Program (SLBPP)	96.008	197,542
P&A for Beneficiaries of Social Security/Representative Payees (PABSS/PABRP)	96.009	519,882
TOTAL SOCIAL SECURITY ADMINISTRATION		717,424
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 2,151,610

See accompanying Independent Auditors' Report

ADVOCACY CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of Advocacy Center (the Center) for the year ended September 30, 2020. 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* (Uniform Guidance). The Center's reporting entity is defined in Note 2 to the consolidated financial statements for the year ended September 30, 2020. Eighth Muse, Inc. is not a recipient of federal awards. All federal awards received directly from federal agencies are included on the Schedule. The Schedule presents only a selected portion of the operations of the Center; it is not intended to and does not present the consolidated financial position, consolidated statement of activities, or consolidated cash flows of the Center.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 to the Center's consolidated financial statements for the year ended September 30, 2020. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Relationship to Financial Statements

Total federal award expenditures of $2,151,610 are within the grant revenue reflected in the consolidated statement of activities.

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports.

ADVOCACY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2020

1) Financial Statements

   a) Type of report issued on the financial statements: Unmodified Opinion

   b) Internal control over financial reporting:

      Material weakness identified: No

      Significant deficiency identified not considered to be material weakness: Yes

      Noncompliance material to financial statements noted: No

2) Federal Awards

   a) Internal control over major programs:

      Material weakness identified: No

      Significant deficiency identified not considered to be material weakness: No

   b) Type of auditors' report issued on compliance for major programs: Unmodified Opinion

   c) Any audit findings disclosed that are required to be reported in accordance with The Uniform Guidance, Section 510(a): No

   d) The following is an identification of major programs:

Program Name	Federal CFDA#
Protection and Advocacy for Individuals with Mental Illness (PAIMI)	93.138
Developmental Disabilities Basic Support and Advocacy Grants (PADD)	93.630

   e) The dollar threshold used to distinguish between Type A and Type B Programs, as described in the Uniform Guidance was $750,000.

   f) Did the auditee qualify as a low risk auditee under the Uniform Guidance? No

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

Finding 2020-001– *Accounting Manual*

This finding is repeated from the prior year. See the Summary Schedule of Prior Year Findings Item 2019-004.

Criteria:

The Center should have systems of internal controls to safeguard assets and ensure timely financial reporting in accordance with U.S. generally accepted accounting principles, and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Condition:

The Center does not have a Board approved comprehensive, up to date accounting manual in place. The Center's current manual has been in draft status since 2016. Key provisions are out of date.

Cause:

The Center's CFO at the time did not finalize or update the draft accounting manual.

Effect:

A comprehensive accounting manual is a key element of an effective system of internal control. The lack of one, or use of an outdated version impacts the overall control environment and increases the risk of inaccurate reporting, misappropriation of assets, and noncompliance with laws, regulations and the provisions of grants and contracts.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to review and update the draft accounting manual. We recommend that the CEO and the Board oversee the timely execution of this, approve the final draft and put in place processes to ensure the manual is reviewed and updated on an ongoing basis to ensure continued alignment with the Center's risks, accounting standards, laws and regulations.

Management Response:

The Center concurs with the recommendation and engaged an outsourced accounting firm in 2020 to update the Accounting Manual. The outsourced accounting firm began updating the Accounting Manual during 2020 and 2021, and these changes to the manual are still in process. A new Accounting Manual has not yet been presented to the Board for approval.

ADVOCACY CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2020

Findings and Questioned Costs relating to Federal Awards:

None

ADVOCACY CENTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SEPTEMBER 30, 2020

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*:

Finding 2019-001 – *Internal Control over Financial Reporting*

Criteria:

The Center should have systems of internal accounting controls which ensure the consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to ensure account reconciliations are performed on a timely basis and that transactions are recorded appropriately in accordance with U.S. generally accepted accounting principles.

Status: Resolved

Finding 2019-002 – *Bank Reconciliations*

Criteria:

The Center should have systems of internal controls to safeguard assets and ensure timely financial reporting in accordance with U.S. generally accepted accounting principles.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to ensure bank reconciliations are performed on a timely basis. We recommend that the CEO and a member of the board request copies of the monthly bank reconciliations for all accounts, at least on a quarterly basis, to ensure this process continues and that unusual or significant reconciling items are investigated and resolved on a timely basis.

Status: Resolved

Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards* (continued):

Finding 2019-003 – *Schedule of Expenditures of Federal Awards*

Criteria:

The Center should have systems of internal accounting controls over financial reporting to provide reasonable assurance that expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are accurate, complete and prepared in accordance with the Uniform Guidance in a timely manner.

Recommendation:

We recommend that the Center implement training for personnel handling the administration of federal funds that will enable timely and accurate preparation of the SEFA.

Status: Resolved

Finding 2019-004 – *Accounting Manual*

Criteria:

The Center should have systems of internal controls to safeguard assets and ensure timely financial reporting in accordance with U.S. generally accepted accounting principles, and that transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements.

Recommendation:

We note that the Center has engaged an outsourced accounting firm to review and update the draft accounting manual. We recommend that the CEO and the Board oversee the timely execution of this, approve the final draft and put in place processes to ensure the manual is reviewed and updated on an ongoing basis to ensure continued alignment with the Center's risks, accounting standards, laws and regulations.

Status: Not resolved. See repeat finding 2020-001.

ADVOCACY CENTER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SEPTEMBER 30, 2020

Findings and Questioned Costs relating to Federal Awards:

Finding 2019-005 – *Compliance Controls over Allowability*

Criteria:

Uniform Guidance requires that non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The Center should have established and maintained internal controls which provide reasonable assurance that Federal awards are expended only for allowable activities and that the costs of goods and services charged to Federal awards are allowable and in accordance with the applicable cost principles.

Recommendation:

We recommend that the Center review its internal controls over compliance to ensure adequate controls are in place to prevent spreadsheet errors and that an individual knowledgeable with both the specific grant, Uniform Guidance and cost principles reviews allocation worksheets and reimbursement requests prior to submission.

Status: Resolved

DISABILITY RIGHTS
LOUISIANA
Protect. Advocate. Empower.

March 15, 2021

Disability Rights Louisiana (the Center) respectfully submits the following corrective action plan for the year ended September 30, 2020.

Name and address of independent public accounting firm:	Postlethwaite & Netterville, APAC One Galleria Blvd, Suite 2100 Metairie, Louisiana 70001
Audit period:	October 1, 2019 – September 30, 2020

The finding from the 2020 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the numbers assigned in the schedule.

Finding – Financial Statement Audit (Significant Deficiency)

2020-001 Accounting Manual

Recommendation: We note that the Center has engaged an outsourced accounting firm to review and update the draft accounting manual. We recommend that the CEO and the Board oversee the timely execution of this, approve the final draft, and put in place processes to ensure the manual is reviewed and updated on an ongoing basis to ensure continued alignment with the Center's risks, accounting standards, laws, and regulations.

Action Taken: The Center concurs with the recommendation and engaged an outsourced accounting firm in 2020 to update the Accounting Manual. The outsourced accounting firm began updating the Accounting Manual during 2020 and 2021, and these changes to the Accounting Manual are still in process. A new Accounting Manual has not yet been presented to the Board for approval.

Responsible party: Executive Director Christopher Rodriquez
Due date: September 30, 2021

Sincerely yours,

Christopher Rodriguez