

**LOUISIANA LEADERSHIP INSTITUTE
(A NONPROFIT ORGANIZATION)**

ANNUAL FINANCIAL REPORT

**As of and for the year ended
June 30, 2023**

(With Accountant's Report Thereon)

LOUISIANA LEADERSHIP INSTITUTE

Annual Financial Report
As of and for the year ended
June 30, 2023
With Supplemental Information Schedule

	<u>Exhibit</u>	<u>Page No.</u>
Independent Auditor's Report		1 - 2
Report in Internal Control over Financial Reporting and on Compliance and Other matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards		3 - 4
Financial Statements		
Statement of Financial Position	A	5
Statement of Activities	B	6
Statement of Functional Expenses - Program Services	C	7
Statement of Cash Flows	D	8
Notes to the Financial Statements		9 - 15
Supplemental Information		
Schedule of Compensation, Benefits and Other Payments to Executive Director		16
Schedule of Findings and Questioned Costs		17
Summary Schedule of Prior Year Findings		18

MICHAEL K. GLOVER
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Accounting Corporation)

9437 BROOKLINE
BATON ROUGE, LOUISIANA 70809
(225) 295-1860

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Leadership Institute
Baton Rouge, Louisiana

Opinion

I have audited the accompanying financial statements of the Louisiana Leadership Institute (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Leadership Institute (a nonprofit organization) as of June 30, 2023, and the changes in net assets and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United State of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Louisiana Leadership Institute, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Louisiana Leadership Institute ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 reasonable 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 Louisiana Leadership institutes internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made my management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Leadership Institutes ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit, significant auditing findings, and certain internal control-related matter that I identified during the audit.

Report on Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Louisiana Leadership Institute basic financial statements. The accompanying supplemental schedules of Executive Director Compensation, Benefits, and Other Payments, listed in the table of contents is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 22, 2023, on my consideration of the Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance



Michael K Glover APAC
Baton Rouge, LA
December 22, 2023

MICHAEL K. GLOVER
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Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and
Other Matters Based on an Audit of the Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Board of Directors
Louisiana Leadership Institute
Baton Rouge, Louisiana

I have audited, 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, the financial statements of Louisiana Leadership Institute (a nonprofit organization) which comprise of the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements, and have issued my report thereon dated December 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Louisiana Leadership Institute 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Leadership Institute internal control. Accordingly, I do not express an opinion on the effectiveness of Louisiana Leadership Institute internal control.

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

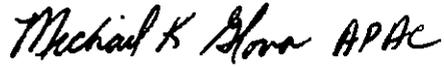
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Michael K. Glover APAC
Baton Rouge, La
December 22, 2023

LOUISIANA LEADERSHIP INSTITUTE

Exhibit A

Statement of Financial Position
June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents-without donor restrictions	\$	629,745
-with donor restrictions		3,434,805
Investments		1,697,376
Accrued interest		30,462
Prepaid insurance		<u>74,840</u>
Total current assets		<u>5,867,228</u>

Capital Assets

Property and equipment		9,009,472
Less: Accumulated depreciation		<u>(3,118,855)</u>
		5,890,617

Total Assets	\$	<u><u>11,757,845</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	\$	8,145
Payroll tax payable		4,290
Deferred funds - with donor restrictions		<u>3,434,805</u>
Total current liabilities		<u>3,447,240</u>

Long-term liabilities

Accrued interest		149,725
Promissory note		<u>691,081</u>
Total long-term liabilities		<u>840,806</u>
Total liabilities		<u>4,288,046</u>

NET ASSETS

With donor restrictions		74,840
Without donor restrictions		<u>7,394,959</u>
Total net assets		<u>7,469,799</u>

Total liabilities and net assets	\$	<u><u>11,757,845</u></u>
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The notes and the independent auditor's report are an integral part of this statement.

LOUISIANA LEADERSHIP INSTITUTE

Exhibit B

STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

	Without Donor Restricted <u>Funds</u>	With Donor Restricted <u>Funds</u>	<u>Total</u>
Revenues and support			
Grant	\$ 1,215,000	1,312,046	2,527,046
Donations and contributions	21,125		21,125
Other	31,201		31,201
	<u>1,267,326</u>	<u>1,312,046</u>	<u>2,579,372</u>
Expenses			
Program Expenses	0	1,204,432	1,204,432
Total program expense	<u>0</u>	<u>1,204,432</u>	<u>1,204,432</u>
Support			
General and administrative	8,676	-	8,676
Depreciation	347,451		347,451
Interest	32,339		32,339
Total support expenses	<u>388,467</u>	<u>-</u>	<u>388,466</u>
Total expense	<u>388,466</u>	<u>1,204,432</u>	<u>1,592,898</u>
Income from Operations	<u>878,860</u>	<u>107,614</u>	<u>986,474</u>
Release of funds to purchase capital assets with restricted funds	68,357	(68,357)	
Other (expenses) revenues			
Investment income	42,342		42,342
Change in net assets	<u>989,559</u>	<u>39,257</u>	<u>1,028,816</u>
Total net assets-beginning	<u>6,405,400</u>	<u>35,583</u>	<u>6,440,983</u>
Total net assets-ending	<u>\$ 7,394,959</u>	<u>74,840</u>	<u>7,469,799</u>

The notes and the independent auditor's report are an integral part of this statement.

LOUISIANA LEADERSHIP INSTITUTE

Exhibit C

STATEMENT OF FUNCTIONAL EXPENSES
PROGRAM SERVICES
For the year ended June 30, 2023

	<u>Program Services</u>		
	<u>Act 119</u>	<u>Act 170</u>	<u>Total</u>
Salaries	\$ 74,001	220,792	294,793
Related benefits	5,661	16,891	22,552
Advertising	-	10,350	10,350
Printing	-	661	661
Insurance	-	63,401	63,401
Maintenance of Equipment	-	-	-
Maintenance of Office and Grounds	22,718	47,991	70,709
Rentals	-	-	-
Software licensing	-	-	-
Dues and subscriptions	-	-	-
Telephone and internet service	4,357	11,095	15,452
Postage	-	222	222
Utilities	20,179	20,465	40,644
Other	-	-	-
Other supplies	6,074	6,825	12,899
Professional and contract services	5,859	62,825	68,684
Other charges	43,803	496,064	539,867
Acquisitions & Major Repairs	64,198	-	64,198
	<u>\$ 246,850</u>	<u>957,582</u>	<u>1,204,432</u>

The notes and the independent auditor's report are an integral part of this statement.

LOUISIANA LEADERSHIP INSTITUTE

Exhibit D

STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

Cash Flows from Operating Activities:	
Revenue collected:	
Contributions from donor restricted funds	\$ 4,500,000
Contributions without donor restrictions	1,215,000
Other income	<u>52,327</u>
	5,767,327
Payment for expenses:	
Compensation and payments to suppliers	<u>(1,245,144)</u>
Net cash used for operating activities	4,522,183
Cash Flows From Investing Activities:	
Interest and dividend received	11,880
Purchase of investments	(1,080,845)
Purchase of capital assets	<u>(68,357)</u>
	(1,137,322)
Net increase (decrease) in cash and cash equivalents	3,384,861
Cash and cash equivalents, beginning of year	<u>679,689</u>
Cash and cash equivalents, end of year	\$ <u><u>4,064,550</u></u>
RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 986,474
Adjustments to reconcile net assets to cash provided (used) by operating activities:	
Depreciation	347,451
Change in assets and liabilities	
Accounts payables	8,145
Prepaid insurance	(39,257)
Accrued liabilities	32,339
Payroll tax payable	(924)
Deferred funds	3,187,955
Net cash provided (used) by operating activities	\$ <u><u>4,522,183</u></u>
Cash with donor restricted deposits	\$ 629,745
Cash and cash equivalents without donor restrictions	<u>3,434,805</u>
	\$ <u><u>4,064,550</u></u>

Other required disclosures:

There was no interest paid during the year

LOUISIANA LEADERSHIP INSTITUTE

Notes to Financial Statements As of and for the Year ended June 30, 2023

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

The Louisiana Leadership Institute (the "Institute") is a private nonprofit organization located in Baton Rouge, Louisiana. The Institute was created to provide the opportunity for students to develop leadership skills, improve academics, heighten self-esteem, and instill motivation while building a strong work ethic and positive outlook for the professional world.

A. Cash and Cash Equivalents

For purposes of statements of cash flows, the institute considers all highly liquid investment available for current use with an initial maturity of three months or less to be cash equivalents. These include checking and saving accounts, and certificates of deposit with a maturity within three months of the date acquired.

Certificates of deposit with maturity dates greater than three months are stated at cost, which approximates market value. Certificates of deposit having a maturity date greater than one year from year-end are considered long-term assets.

B. Property and equipment

Property and equipment are capitalized at cost. Donated property is recorded at its estimated fair value on the date of receipt. Additions, renewals, and betterments that extend the life of the assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives ranging from three to 7 years for furniture, vehicles and equipment to forty years for buildings.

C. Use of 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 and disclosures. Actual results could differ from those estimates.

D. Accounts payables

Accounts payables include purchase from various vendors for operating expenses.

E. Income tax status

The Institute is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service.

F. Investments

Investments are equity securities with readily determinable fair values and recorded in the statement of financial position and recorded at their cost. Unrealized gains and losses are not included in the change of net assets. Investment income and gains are recorded in the statement of activities.

G. Prepaid insurance

Prepaid insurance is insurance premiums paid before the expense was incurred. The expense is determined by the number of months the policy was in effect.

H. Accrued interest.

Accrued interest is interest on certificates of deposit not paid as of year-end.

I. Deferred funds

Deferred funds are grants and funds received during the fiscal year that will not be expended until the next fiscal period.

J. Revenues

Program Revenues

The Statement of Activities presents grants, donations and contributions for scholarships and other contributions separately and classified as either with donor restrictions or without donor restrictions. These revenues apply to exchange transactions that are bound by contracts arrangements and establish a performance approach to revenue recognition. Due to the nature of these transactions, revenue and potential related expenses are influenced by economic factors, such as time of year and political mandate.

Grants, funds and contributions - whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. Cost Allocation

The financial statements report certain categories of expense that are attributed to more than one program or supporting function (general and administrative). These expenses are allocated on a reasonable basis that is determined by management and the requirements of the program(s).

L. Recent Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB 87, Leases, which require leases to be recorded by the lessee and the lessor as an asset and/or a liability on the balance sheet where the term of the lease obligation is for more than twelve months.

In response to the COVID-19 pandemic, ASU 2020-05 was issued in June 2020 delaying the effective date for Topic 842 to fiscal years beginning after December 15, 2023. The Company is evaluating the impact the pronouncement may have on the financial statements.

2. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash and cash equivalents consisted of the following:	
Cash on hand	734,550
Certificate of Deposits	<u>3,330,000</u>
	<u>4,064,550</u>

Custodial credit risk is the risk that in the event of a bank failure, the Institute's deposits may not be returned. The Institute does not have a deposit policy for custodial credit risk. As of June 30, 2023, the institutes had FDIC insurance coverage on \$750,000 and the balance of \$3,394,172 exposed to custodial credit risk.

3. Certificate of Deposits

The certificate of deposits are held in financial institutions and with an investment broker. These stated rates and maturity periods vary.

4. INVESTMENTS

The Board authorized certain deposits to be placed in a third party brokerage account to invest in equity securities that will be selected by the board and an advisor with the broker firm.

Credit risk: - The board does not have a policy.

Custodial credit risk: - The board does not have a policy

Concentration of credit risk: The board does not have a policy.

Interest rate risk: - The board does not have a policy.

Foreign currency risk: Not applicable.

The investments in the brokerage account are at fair value. Quoted prices in active markets are readily available and are being used to measure the fair value of the equity securities. The fair value at year end was \$1,910,786. The brokerage account balance as of June 20, 2023, is as follows:

<u>Security</u>	<u>Sym</u>	<u>Shares</u>	<u>Cost</u>	<u>MKV</u>	<u>Unrealized Gain (Loss)</u>
Amazon	AMZN	1199.00	\$ 183,594	\$ 156,302	(27,292)
Apple	AAPL	3033.00	402,035	588,311	186,276
Microsoft	MSFT	170.00	51,361	57,941	6,580
Tesla	TSLA	257.00	72,263	67,275	(4,988)
Fidelity	FDVV	3200.00	123,235	128,345	5,110
SPDR Fund	XLV	953.90	121,146	126,611	5,465
SPDR Trust	XLE	1564.17	121,064	126,964	5,900
DPDR Fund	XLI	1255.07	123,625	134,694	11,069
SPDR S&P	SPSM	3316.18	122,292	128,800	6,508
SPDR S&P	MMTM	185.52	126,145	132,575	6,430
SPDR S7p	SPY	443.28	126,600	132,984	6,384
Vanguard	VFH	1600.00	124,016	129,984	5,968
			<u>\$ 1,697,376</u>	<u>\$1,910,786</u>	<u>\$ 213,410</u>

Investment return during the fiscal year:

Realized gain on sale of investments	\$ -
Interest income	34,965
Dividend income	7,377
Investment return	<u>\$ 42,342</u>

LOUISIANA LEADERSHIP INSTITUTE
 Baton Rouge, Louisiana
 Notes to Financial Statements (Continued)

6. CAPITAL ASSETS

Capital assets as of June 30, 2023 are as follows:

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
Land	\$ 297,553				297,553
Construction in progress			57,798		57,798
Building and improvements	7,004,310				7,004,310
Office equipment	62,300				62,300
Office furniture	444,894		-		444,894
Machinery and equipment	38,054				38,054
Vehicles	1,080,000		10,559		1,090,559
Other assets	14,004				14,004
Total Depreciable Capital Assets	8,941,115	-	68,357	-	9,009,472
Less Accumulated depreciation					
Building and improvements	2,509,138		183,198		2,692,336
Office equipment	20,973		9,936		30,909
Office furniture	190,330		58,711		249,041
Machinery and equipment	6,959		5,078		12,037
Vehicles	30,000		90,528		120,528
Other assets	14,004		-		14,004
	\$ 2,771,404	-	347,451	-	3,118,855

7. PROMISSORY NOTE

A promissory note was established on June 30, 2018, with the original amount of \$691,018 with 4% interest per annum on the unpaid balance. The interest expense for the current year was \$32,339.

8. COOPERATIVE ENDEAVOR AGREEMENTS

There are two cooperative endeavor agreements the Institute entered into during the fiscal year:

Act 119 of 2021 State Aid to Local Government Entities CEA #22-945-32, the objectives are to provide students with educational resources that include but not limited to virtual tutoring service/online learning platform on the Institutes website, to offer classes focused on fostering leadership skills, and to provide students with recreational programs focused on teamwork, discipline, sportsmanship and maintaining health living.

The institute was appropriated \$1,000,000 in advance for all cost or expenses to be paid by the State in connection with the services to be provided under this agreement. This grant also includes an additional appropriation of \$1,000,000 for the purchase of 2 buses to help achieve the goals of this act. Quarterly progress and cost reports that outline the resources, initiatives, activities, services and performance consistent with the provisions, goals and objectives of this agreement and cost reports with adequate supporting documentation to be submitted to the Louisiana Treasurer office.

LOUISIANA LEADERSHIP INSTITUTE
 Baton Rouge, Louisiana
 Notes to Financial Statements (Continued)

8. COOPERATIVE ENDEAVOR AGREEMENTS (Con't)

The institute has prepared a quarterly cost report documenting the expenses associated with the grant in accordance with the budget of the agreement. The information regarding the budget is as follows:

Included in other charged and major repairs are increases of \$1,367,726 to Capital Assets

Act 119 Cost reports	Budget		Cost Reports Submitted		Remaining funds as of 30-Jun-23
	Original	Amended	As of 6/30/2022	7/1/2022 10/31/2022	
Salaries	\$ 223,688	185,052	111,051	74,001	-
Related benefits	20,000	14,620	8,959	5,661	-
Advertising	15,000	6	6		-
Printing	20,000	1,582	1,582	-	-
Insurance	30,000	92,085	92,085	-	-
Maintenance of Equipment	30,000	-			-
Maintenance of Office and Grounds	30,000	44,741	22,023	22,718	-
Rentals	5,000	-			-
Software licensing	1,000	-			-
Dues and subscriptions	2,500	313	313	-	-
Telephone and internet service	15,000	9,866	5,509	4,357	-
Postage	1,000	55	55	-	-
Utilities	15,000	35,110	14,931	20,179	-
Other	587,500	-			-
Other supplies	15,000	9,979	3,905	6,074	-
Professional and contract services		9,588	3,729	5,859	-
Other charges		148,691	104,888	43,803	-
Acquisitions & Major Repairs	989,312	1,448,312	1,384,114	64,198	-
	<u>\$ 2,000,000</u>	<u>2,000,000</u>	<u>1,753,150</u>	<u>246,850</u>	<u>-</u>

The agreement period began July 1, 2021, and ends on June 30, 2022. The period ending was later extended to June 30, 2023.

Act 170 of 2022 State Aid to Local Government Entities CEA #23-945-146. The funds objectives are to provide students with educational resources to technology, computer service, academic tutoring, and STEM for students on the Institutes website, to offer classes to educate the youth of Baton Rouge about various topics such as; politics, current events, public speaking, interpersonal skills, STEM, and much more, and to provide students with recreational and performing arts programs focused on teamwork, discipline, performing arts education, music fundamentals, and sportsmanship.

The institute was appropriated \$1,500,000 in advance for all cost or expenses to be paid by the State in connection with the services to be provided under this agreement. This grant also includes an additional appropriation of \$1,500,000 for the purchase of 2 buses to help achieve the goals of this act. Quarterly progress and cost reports that outline the resources, initiatives, activities, services and performance consistent with the provisions, goals and objectives of this agreement and cost reports with adequate supporting documentation to be submitted to the Louisiana Treasurer office.

LOUISIANA LEADERSHIP INSTITUTE
 Baton Rouge, Louisiana
 Notes to Financial Statements (Continued)

8. COOPERATIVE ENDEAVOR AGREEMENTS (Con't)

Act 170 Cost reports	Budget		Cost Report Submitted	
	Original	Amended	10/1/2022	Remaining
			6/30/2023	funds as of
			30-Jun-23	
Salaries	\$ 500,000	338,492	220,792	117,700
Related benefits		25,895	16,891	9,004
Travel	150,000			-
Advertising	-	14,850	10,350	4,500
Printing	25,000	706	661	45
Insurance	100,000	102,658	102,658	-
Maintenance of equipment	250,000	-		-
Maintenance of Office and Grounds	100,000	70,681	47,991	22,690
Software licensing	10,000			-
Telephone and internet service	30,000	12,985	11,095	1,890
Postage	-	230	222	8
Other supplies	20,000	37,764	6,825	30,939
Utilities	60,000	11,188	20,465	(9,277)
Professional and contract services	75,000	96,175	62,825	33,350
Other charges	150,000	666,236	496,064	170,172
Acquisitions & Major Repairs	30,000	122,141	68,357	53,784
	<u>\$ 1,500,000</u>	<u>1,500,001</u>	<u>1,065,196</u>	<u>434,805</u>

The agreement period began July 1, 2022, and ends on June 30, 2023. The period ending was later extended to June 30, 2024.

Included in other charged and major repairs are increases of \$68,357 to Capital Assets

The Cost Reports prepared for the above acts are on a basis other than GAAP, The Cost Report is reported on a cash basis of accounting while the GAAP basis is an accrual method of accounting.

9. CONCENTRATIONS OF REVENUE AND SIGNIFICANT FUNDING SOURCES

The Institutes had revenue received from donors without restrictions and from donors with restrictions, The funds are received in advance with cost reports submitted indicating the funds that were used. Any funds not used by year end are carried over to the next fiscal year. The funds are as follows:

Funds received with donor restrictions

	Budget		Amounts Expended and Submitted on Cost Reports		Deferred funds with donor restrictions
	Original and Amended	Amount Received	Prior	Current	
			Year	Year	
Act 119	\$ 2,000,000	2,000,000	1,753,150	246,850	-
Act 170	1,500,000	1,500,000	-	1,065,195	434,805
Louisiana Department of Health	3,500,000	3,000,000	-	-	3,000,000
	<u>\$ 7,000,000</u>	<u>6,500,000</u>	<u>1,753,150</u>	<u>1,312,045</u>	<u>3,434,805</u>

LOUISIANA LEADERSHIP INSTITUTE
Baton Rouge, Louisiana
Notes to Financial Statements (Continue)

Act 119 of 2021 State Aid to Local Government Entities CEA #22-945-32 or the period June 30, 2021 to June 30, 2022, later extended to June 30, 2023. The funds objectives are to provide students with educational resources that include but not limited to virtual tutoring service/online learning platform on the Institutes website, to offer classes focused on fostering leadership skills, and to provide students with recreational programs focused on teamwork, discipline, sportsmanship and maintaining health living.

Act 170 of 2022 State Aid to Local Government Entities CEA #23-945-146 for the period July 1, 2022 – June 30, 2023, later extended to June 30, 2024. The funds objectives are to provide students with educational resources to technology, computer service, academic tutoring, and STEM for students on the Institutes website, to offer classes to educate the youth of Baton Rouge about various topics such as; politics, current events, public speaking, interpersonal skills, STEM, and much more, and to provide students with recreational and performing arts programs focused on teamwork, discipline, performing arts education, music fundamentals, and sportsmanship.

Louisiana Department of Health is a corporate endeavor agreement to erect an outdoor fitness Hub and to provide STEM-based literacy to students with a focus on fostering new self-management and leadership skills that can be used in practical ways.

Act 397 of 2023, State Aid to Local Government Entities CEA # 24-945-83 for the period July 1, 2023 – June 30, 2024. These are grants for the next fiscal year, no amounts were received in the current fiscal year. The funds objectives are to provide students with educational resources to technology, computer service, academic tutoring, and STEM for students on the Institutes website, to offer classes to educate the youth of Baton Rouge about various topics such as; politics, current events, public speaking, interpersonal skills, STEM, and much more, and to provide students with recreational and performing arts programs focused on teamwork, discipline, performing arts education, music fundamentals, and sportsmanship.

The remaining \$1,267,326 were received without donor restrictions from various donors and programs created by the Institute.

10. LIQUIDITY AND AVAILABILITY

The following represents the financial assets as of June 30, 2023:

Financial assets at year end	
Cash and cash equivalents	\$ 734,550
Certificate of deposits	3,330,000
Accrued interest	27,306
Investments	<u>1,910,786</u>
Financial assets available to meet expenditures over the next twelve months	<u>\$ 6,002,642</u>

As part of the liquidity plan, extra cash is invested in equity securities and made available for operating requirements within three days.

11. Subsequent Events

The Board has evaluated subsequent events for potential recognition of disclosure in the financial statements through December 22, 2023, the date which the financial statements were available to be issued.

**OTHER SUPPLEMENTAL INFORMATION AND REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

LOUISIANA LEADERSHIP INSTITUTE

Schedule of Compensation, Benefits and Other Payments
To Executive Director

For the year ended June 30, 2023

Agency Chief Executive Director Sherman Ruth was:

Salary	75,000.00
Related benefits	-
	<u>75,000.00</u>

LOUISIANA LEADERSHIP INSTITUTE.
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

-Material weakness(es) identified?

_____ yes no

-Significant deficiency(ies) identified?

__ __ yes no

-Noncompliance material to financial statements?

_____ yes no

Was a management letter issued

_____ yes no

State Financial Assistance – None

Section II - Financial Statements Findings

Statement of Findings and Questionable Cost for the Fiscal year ended June 30, 2023

Current year findings – none

LOUISIANA LEADERSHIP INSTITUTE.
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Finding 2022-1 Late Filing of Financial Report

Condition The audited financial statements for the year ended June 30, 2022, were not submitted until after the due date as required by the Louisiana Revised Statutes.

Update As in the response to this finding last year, the financial statements for June 30, 2022, were not issued until after the 6 month deadline. The financial statements for the current year, June 30, 2023, were submitted timely. This finding was corrected.

MICHAEL K. GLOVER
CERTIFIED PUBLIC ACCOUNTANT
(A Professional Accounting Corporation)
9437 BROOKLINE
BATON ROUGE, LOUISIANA 70809
(225) 295-1860

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Louisiana Leadership Institute, Inc. and the Louisiana Legislative Auditor:

I 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 July 1, 2022, through June 30, 2023. Louisiana Leadership Institute, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Louisiana Leadership Institute, 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 July 1, 2022, through June 30, 2023. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
The entity uses the policy and procedures that comply with the respective grant(s).
 - 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.
The policies and procedures of the entity address each of the above procedures except for how purchases are initiated or how the vendors are added to the vendor list.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
The entity does not have policies and procedures addressing disbursements.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
The entity does not have written policies and procedures for receipt or collections; however, unwritten procedures are used for both polices to determine the completeness of all collections.

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- 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.
The entity has policies addressing each of the above procedures.
- 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.
The entity does not have policies addressing the above procedures.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
The entity has policies that address each of the above procedures except the dollar threshold by category of expense.
- 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).
The entity policies address each of the above procedures.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
The entity uses the state policies to comply with the grant requirements.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
The entity does not have any procedures that address debt service.
- 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.
The procedures of an outsourced consulting group addresses each of the above procedures.
- 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.
This policy does not apply to private non-profit entities; however, the Institutes has adopted policies and procedures to address sexual harassment.

2) Board or Finance Committee

- 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
 - 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.
The board met with a quorum at each meeting.

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- 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 funds, 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 funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The board minutes did include financial activities relating to the public funds received.

- 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.

Not applicable

- 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.

The finding was not specifically addressed in the board minutes; however, the board has made changes to address the finding of the late issuance of the reports to assure this finding will not reoccur.

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 accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A list of the bank accounts was obtained from management.

- 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).

This procedure could not be performed. The date the bank reconciliation is prepared is omitted.

- 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

There is no written evidence on the bank reconciliation that a member of management or board member review the bank reconciliation after they were prepared by the outsourced accountant.

- 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.

There were no items outstanding for more than 12 months.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

There is one collection site.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- i. Employees responsible for cash collections do not share cash drawers/registers;
The entity does not have cash drawers or register.
 - ii. Each employee responsible for collecting cash is also not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
The employee responsible for collections/receipts is not the same person that reconciles collections.
 - 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
The person that collects the deposits is not the same person that post deposit to the general ledger.
 - 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.
The person who reconciles collections to the general ledger by revenue source is not the same individual who collects the deposits.
- 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.
The board does not have an insurance policy for theft coverage on employee(s).
- 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.
Receipts are not pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Not applicable see Di.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
Deposit slips agrees with the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
Management does not keep track of when the deposit is received.
 - v. Trace the actual deposit per the bank statement to the general ledger.
Actual deposit agrees with the posting to the general ledger.

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).
There is only one location that processes payments.
- 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

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
There is one employee that handles purchase request while other employees make the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
The outsourced accounting firm processing payments while other employees approve the payment to vendors.
The board does not have an insurance policy for theft coverage on employee(s).
 - 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;
The outsourced accounting firm processes payments and adds/modifies vendor files at the request of the entity's employees.
 - 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
The outsourced accountant is responsible for processing payments, signing the check, and mailing the payment to the vendors. The management of the entity approve all invoices before sending them to the outsourced accounting firm for payment.
 - 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.
Only employees/officials authorized to sign checks can approve disbursements of funds whether they are electronic disbursement, automated, wire transfer, or some other electronic means.
- 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
The disbursement matched the related original itemized invoice for each of the 5 disbursements selected.
 - 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.
There is no documentation indicating who performs which duties.
- 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.
All five of the non-payroll related electronic disbursements were approved by only those persons authorized to disburse the funds and approved by the required the authorized signers as per the entity's policy.

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 cards. Obtain management's representation that the listing is complete.

The list included 1 credit card that was obtained in June 2023, and one debit card. No fuel cards or purchase cards on hand during the fiscal year.

- 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

There is no indication any of the transactions were reviewed or approved by someone other than the card holder.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

There were no finance charges or late fees assessed.

- 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). 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.

Ten transactions were selected from both the credit card statement and the bank statement for the use of the debit card. The transactions observed had original itemized receipts that identify the purchase and documentation of the business purpose. The meal selected included participants of the meal.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions) Not applicable

- 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

The entity does not reimburse travel expenses.

- 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.

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 Law (e.g., solicited quotes or bids, advertised), if required by law.
There was no contract subject to the bid requirements of the Louisiana Public Bid 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);
The contract was approved by the board.
 - 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
There were no amendments to the contract.
 - 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.
There was one contract for the fiscal year. This agreement did not specify the rate for the services.

9) **Payroll and Personnel**

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
A list of employees and their related salaries was obtained from management.
- 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 officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
The employee's daily attendance, leave, vacation, sick and compensatory time is documented.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
The attendance of non-salaried employees is approved by a supervisor. The salaried employee's compensation was approved by the board.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
The leave accrued and taken during the pay period is indicated on the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
The rate paid to the employees agrees with the board's authorized pay rate.

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- 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.

There was one terminated employee and no terminated payments were made at this time.

- 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.

Management has informed me that employer and employee portions of payroll taxes and workers' compensation premiums have been paid and the forms were filed by the required deadlines.

10) Ethics

- 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
The documentation demonstrated each employee/office completed one hour of ethics training during the calendar year.
 - 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.
There were no changes to the ethics policy during the year.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
The entity is not a state agency and not required to have an ethics designee.

11) Debt Service

- 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.
There were no bond/notes or any other debt instrument issued during the fiscal period.
- 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).
There is one promissory note issued in 2018. This note does not require a reserve balance or debt covenant,

12) Fraud Notice

- 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.
There were no misappropriations of public funds or assets during the fiscal year.

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- 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.

The entity has posted on its premises a notice concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. The notice is not posted on the website currently. Management will request this to be added to their website with their support group.

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."**

The entity uses the computers on site as a learning tool and the preparation of non-critical data. All financial related data is developed by the outsourced accountant. The response below is in regard to the data maintained by the outsourced accounting firm.

- 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.

The critical data is backed up daily.

- 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.

The outsourced accounting firm backups daily and can be restored; however, there is no documented evidence testing the data can be restored 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.

The entity and the outsourced accounting firm both have active antivirus software that is 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.

The outsourced accounting firm did not have any terminated employees.

14) Prevention of Sexual Harassment

- 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.

The Institute is a private non-profit organization that has obtained grants from the State of Louisiana. The contracts do not include any requirements for the Institutes employees or officers needing to comply with the sexual harassment R,S, 42:342-344. However, the Institutes has initiated policies and procedures addressing sexual harassment.

The Institute has also demonstrated each employee has completed at least one hour of sexual harassment training during the calendar year.

- 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).

The entity's sexual harassment policies have been posted in the common areas available to all employees.

Louisiana Learning Institute, Inc
Agreed-upon procedures report

- 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:

The Institute has also prepared the annual sexual harassment report with no complaints included.

- 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.

I was engaged by Louisiana Learning Institute, Inc. to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of Louisiana Learning Institute, 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.



Michael K Glover APAC
Baton Rouge, Louisiana
December 18, 2023

Current Year Exceptions - None

Prior Year Exceptions – None