



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

BROTHERHOOD, INCORPORATED
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brotherhood, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Brotherhood, Incorporated (a nonprofit organization) ("Brotherhood"), which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Brotherhood as of December 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Brotherhood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Brotherhood's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

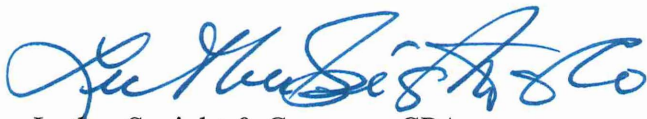
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Continued,

The schedule of compensation, benefits, and other payments to agency head is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of Brotherhood'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 Brotherhood'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 Brotherhood's internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
June 28, 2023

Brotherhood, Incorporated
Statement of Financial Position
December 31, 2022

Assets

Cash	\$ 86,482
Accounts Receivable	183,667
Other Current Assets	3,032
Fixed Assets, Net	133,603
Total Assets	<u>406,784</u>

Liabilities

Accounts Payable	20,773
Accrued Payroll	14,411
Payroll Tax Liabilities	25,738
Other Current Liabilities	3,895
Total Liabilities	<u>64,817</u>

Net Assets

Without Donor Restrictions	341,967
Total Net Assets	<u>341,967</u>

Total Liabilities and Net Assets	<u>\$ 406,784</u>
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The accompanying notes are an integral part of the financial statements.

Brotherhood, Incorporated
Statement of Activities
For the Year Ended December 31, 2022

Public Support and Revenues	Without Donor Restrictions	With Donor Restrictions	Total
Grant Support	\$ 1,389,674	\$ -	\$ 1,389,674
Program Income	43,611	-	43,611
Other Income	9,864	-	9,864
Total Public Support and Revenues	<u>1,443,149</u>	<u>-</u>	<u>1,443,149</u>
Expenses			
Program Services:			
A. HIV/AIDS Housing	335,644	-	335,644
B. OPH HIV/AIDS Testing	204,617	-	204,617
C. Advocacy Social Justice	29,366	-	29,366
D. HRSA	666,050	-	666,050
E. Other Programs	4,307	-	4,307
Support Services:			
Management and General	<u>189,604</u>	<u>-</u>	<u>189,604</u>
Total Expenses	<u>1,429,588</u>	<u>-</u>	<u>1,429,588</u>
Change in Net Assets from Operations	13,561	-	13,561
Net Assets Adjustment	23,640	-	23,640
Net Assets, Beginning of Period	<u>304,766</u>	<u>-</u>	<u>304,766</u>
Net Assets, End of Period	<u>\$ 341,967</u>	<u>\$ -</u>	<u>\$ 341,967</u>

The accompanying notes are an integral part of the financial statements.

Brotherhood, Incorporated
Statement of Functional Expenses
For the Year Ended December 31, 2022

	HIV/AIDS Housing	OPH HIV/AIDS Testing	Advocacy Social Justice	HRSA	Other Programs	Program Total	Management & General	Total
Salaries & Related Expenses	\$ 283,082	\$ 96,482	\$ 28,061	\$ 224,247	\$ 3,230	\$ 635,102	\$ 151,746	\$ 786,848
Advertising Expense	-	-	-	107,123	-	107,123	-	107,123
Communications	8,270	3,258	500	9,154	-	21,182	2,006	23,188
Contractual Expense	-	-	-	64,110	-	64,110	375	64,485
Fees, Taxes and Assessments	359	-	-	-	-	359	1,308	1,667
Food & Nutrition	5,869	-	-	-	-	5,869	7,958	13,827
Indirect Costs	-	38,273	-	56,791	885	95,949	(90,908)	5,041
Insurance	11,573	4,553	-	16,686	-	32,812	8,788	41,600
Interest Expense	-	-	-	-	-	-	2,707	2,707
Medical Lab Costs	243	43,760	-	1,491	-	45,494	-	45,494
Office Expenses	824	1,344	805	5,046	27	8,046	2,096	10,142
Other Expenses	-	165	-	246	165	576	5,029	5,605
Professional Fees	4,500	-	-	5,000	-	9,500	4,000	13,500
Program Incentives	-	3,250	-	77,623	-	80,873	3,030	83,903
Program Supplies	-	-	-	-	-	-	486	486
Rent Expense	-	12,420	-	23,737	-	36,157	17,248	53,405
Repairs & Maintenance	5,780	-	-	6,490	-	12,270	11,513	23,783
Travel & Training	-	1,112	-	68,306	-	69,418	5,455	74,873
Utilities & Household	15,144	-	-	-	-	15,144	12,236	27,380
Sub-Totals	<u>335,644</u>	<u>204,617</u>	<u>29,366</u>	<u>666,050</u>	<u>4,307</u>	<u>1,239,984</u>	<u>145,073</u>	<u>1,385,057</u>
Depreciation Expense	-	-	-	-	-	-	44,531	44,531
Totals	<u><u>\$ 335,644</u></u>	<u><u>\$ 204,617</u></u>	<u><u>\$ 29,366</u></u>	<u><u>\$ 666,050</u></u>	<u><u>\$ 4,307</u></u>	<u><u>\$ 1,239,984</u></u>	<u><u>\$ 189,604</u></u>	<u><u>\$ 1,429,588</u></u>

The accompanying notes are an integral part of the financial statements.

Brotherhood, Incorporated
Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 13,561
Net Asset Adjustments	23,640
Adjustments to reconcile changes in net assets to net cash provided in operating activities:	
Depreciation	44,531
Decrease in Accounts Receivables	40,584
Increase in Accounts Payable	2,918
Decrease in Accrued Payroll	(21,717)
Decrease in Payroll Liabilities	(6,598)
Decrease in Other Current Liabilities	(455)
Net Cash Provided by Operating Activities	96,464
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Fixed Assets	(6,814)
Net Cash Used By Investing Activities	(6,814)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of Line of Credit, Net	(23,967)
Net Cash Used By Financing Activities	(23,967)
Net Change in Cash and Cash Equivalents	65,683
Beginning Cash and Cash Equivalents	20,799
Ending Cash and Cash Equivalents	\$ 86,482

The accompanying notes are an integral part of the financial statements.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 1 – ORGANIZATION

Brotherhood, Inc. (“Brotherhood”) is a nonprofit, community-based organization that is dedicated to providing housing and healthcare for individuals suffering from Human Immune/Deficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) and to provide support services for their families. Brotherhood was incorporated on June 7, 1996 pursuant to the provisions of the Louisiana Nonprofit Law, Louisiana R. S. 12:201 – 12:269 (1950 as amended).

Brotherhood offers and provides the following programs and services:

- HIV/AIDS Education and Training;
- Risk Reduction Workshops;
- African American Community Leader Training;
- Community Awareness Sessions and Health Fairs;
- Street and Venue Based Outreach;
- Condom Distribution;
- HIV Counseling and Testing;
- Peer Lead Support Groups;
- Referrals and Other Services
- Support housing for people with special needs; and
- Capacity building assistance to other community-based organizations.

Programs and services provided by Brotherhood, Inc. are funded primarily by grants from the following agencies:

- U. S. Department of Health and Human Services
- Center for Disease Control and Prevention
- U.S. Department of Housing and Urban Development

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

Brotherhood is a non-profit, community-based organization whose financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Reporting

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, Brotherhood classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of Brotherhood are included in this category. Brotherhood has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of Brotherhood and, therefore, their policy is to record those net assets as without donor restrictions.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

At December 31, 2022, Brotherhood did not have any net assets with donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, Brotherhood considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents. For the year ended December 31, 2022, Brotherhood did not have any cash equivalents.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncollectible Accounts, Grants Receivable, and Promises to Give

Brotherhood uses the direct charge-off method whereby uncollectible accounts are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method. For the year ended December 31, 2022, Brotherhood did not record an allowance for doubtful accounts.

Fixed Assets

Land, furniture, equipment, vehicles, and building and improvements of Brotherhood are recorded as assets and are stated at historical cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Long-lived assets over \$500 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Furniture and Equipment	3-7 Years
Vehicles	5 Years
Building and Improvements	10-27.5 Years

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions.

A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Unconditional contributions, or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Concentration of Credit

Brotherhood maintains cash accounts with one commercial bank. The balances did not exceed the federal insured amount of \$250,000 during the year ended December 31, 2022.

Functional Allocation of Expenses

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

Income Taxes

Brotherhood is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Brotherhood's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they are filed.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021. Management analyzed the Organization's leases and determined none of the leases qualified for the changes in ASC 842.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On September 17, 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Update is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that contributed nonfinancial assets be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires additional disclosures. The ASU is applicable for periods beginning after June 15, 2021. During the year ended December 31, 2022, the Organization did not receive any contributed nonfinancial assets so no changes to the financial statements were needed.

NOTE 3 – FIXED ASSETS

A summary of fixed assets is as follows:

	<u>2022</u>
Land	\$ 12,000
Furniture and Fixtures	71,775
Buildings and Improvements	453,181
Equipment	223,392
Vehicles	86,484
	<hr/>
	846,832
Accumulated Depreciation	(713,229)
	<hr/>
Net Fixed Assets	\$ 133,603

Depreciation expense for the year then ended December 31, 2022 was \$44,531.

NOTE 4 – ECONOMIC DEPENDENCY

The primary source of revenue for Brotherhood is federal grants provided through various funding agencies. Grant support represents 96% of total revenues for the year ended December 31, 2022. The continued success of Brotherhood is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 5 – GOVERNMENT GRANTS

Brotherhood is the recipient of several federal awards, as disclosed in the schedule of expenditures of federal awards. Included in grant revenue are funds disbursed from several funding sources to provide funds for the implementation of various community programs as well as to support the operations of Brotherhood.

NOTE 6 – OPERATING LEASES

Brotherhood executes annual lease agreements for the use of office space in a building located at 2714 Canal Street. As of December 31, 2022, the lease agreements were on a month-to-month basis. Total rent expense for the year ended December 31, 2022 was \$53,405. Total monthly rent payments for this office space going forward are \$3,013. Brotherhood also rents office space at 200 South Broad Street from 200 South Enterprises, LLS. The first payment of \$1,710 was made in September 2021. Due to the short-term (less than 12 months) nature of the leases, they do not qualify for the accounting treatment as described in ASC 842, *Leases*.

NOTE 7 – FEDERAL COMPLIANCE CONTINGENCIES

Brotherhood is a recipient of several grants and awards of federal funds. These grants and awards are governed by various federal guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control and administration of Brotherhood and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NOTE 8 – LINE OF CREDIT

Brotherhood has one line of credit with a financial institution. At December 31, 2022, the line of credit has an interest rate of 7.5%. At December 31, 2022, the line of credit has an outstanding balance of \$0.

NOTE 9 – PENSION PLAN

Brotherhood has a 403(b) Pension Plan. Employees, who have successfully completed their 90-day probationary period, are qualified to join the plan. Brotherhood does not contribute money to the plan.

Brotherhood, Incorporated
Notes to the Financial Statements
December 31, 2022

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Brotherhood’s financial assets as of December 31, 2022, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	<u>2022</u>
Cash	\$ 86,482
Accounts Receivable	183,667
Other Current Assets	3,032
	<u>\$ 273,181</u>

NOTE 11 – NET ASSETS ADJUSTMENT

Certain audit adjustments were identified during the prior year audit. These adjustments were not posted by Brotherhood prior to the close of the financial records for that year. Accordingly, beginning net assets was understated by \$23,640 for the current year. Management recorded a net asset adjustment during the current year to properly state the ending net asset balance.

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of June 28, 2023, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.

Brotherhood, Incorporated
Schedule of Expenditures of Federal Awards
December 31, 2022

<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>Assistance Listing Number</u>	<u>Program Title</u>	<u>Project/Pass-through Identifying Number</u>	<u>Award Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
City of New Orleans:					
		14.241	Housing Opportunities for Persons With AIDS	HOPWA-026B	\$ 335,643
 <u>CENTER FOR DISEASE CONTROL AND PREVENTION</u>					
New York University School of Medicine:					
		93.941	Impact of Neighborhoods and Networks on HIV Prevention and Care Behaviors Among Black MSM in the Deep South	106119	103
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant:					
		93.939	Comprehensive High Impact HIV Prevention Projects for Community Based Organizations	6NU65PS004804-04-01	78
Health Resources and Services Administration:					
		93.011	Local Community-Based Workforce to Increase COVID-19 Vaccine Access	G3242585	666,425
State of Louisiana:					
		93.940	4th Gen. Lab Based HIV Testing & Expanded STI Screening	2000168153/2000398443	209,042
TOTAL FEDERAL EXPENDITURES					<u><u>\$ 1,211,291</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Brotherhood, Incorporated
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

NOTE A – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes federal grant activity of Brotherhood, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – PRESENTATION

The accompanying schedule of expenditures of federal awards covers the fiscal year ended December 31, 2022.

NOTE C – DE MINIMUS COST RATE

During the year ended December 31, 2022, Brotherhood did not elect to use the 10% de minimis cost rate.

NOTE D – LOAN AND LOAN GUARANTEES

Brotherhood did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2022. Brotherhood had no loans outstanding at the year ended December 31, 2022.

NOTE E – FEDERAL FUNDED INSURANCE

Brotherhood has no federally funded insurance.

NOTE F – NONCASH ASSISTANCE

Brotherhood did not receive any federal noncash assistance for the year ended December 31, 2022.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
Brotherhood, Incorporated

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brotherhood, Incorporated (a nonprofit organization) ("Brotherhood"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brotherhood's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brotherhood's internal control. Accordingly, we do not express an opinion on the effectiveness of Brotherhood'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.

Continued,

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Brotherhood's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and 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*.

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.

A handwritten signature in blue ink, appearing to read "Luther Speight & Company CPAs".

Luther Speight & Company CPAs
New Orleans, Louisiana
June 28, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
Brotherhood, Incorporated

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brotherhood, Incorporated's ("Brotherhood") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Brotherhood's major federal programs for the year ended December 31, 2022. Brotherhood's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brotherhood 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 December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding #2021-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Luther Speight & Company CPAs
New Orleans, Louisiana
June 28, 2023

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified
not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

An unmodified opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified
not considered to be material weaknesses? _____ yes X no

Other matters or instances on
noncompliance required to be reported
in accordance with the Uniform Guidance? _____ yes X no

The major programs for the year ended December 31, 2022 were as follows:

1. Housing Opportunities for Persons with AIDS – 14.241
2. Local Community Based Workforce to Increase COVID-19 Vaccine Access – 93.011

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

Auditee did not qualify as a low-risk auditee.

Brotherhood, Incorporated
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II – Financial Statement Findings and Questioned Costs

There were no findings noted in the current audit.

Brotherhood, Incorporated
Schedule of Prior Year Findings
For the Year Ended December 31, 2021

<u>Finding #</u>	<u>Description</u>	<u>Resolved/Unresolved</u>
2021-001	Fixed Asset Reconciliation Procedures Not Adequate	Resolved
2021-002	Timely Submission of Annual Audit Report	Resolved
2021-003	Timely Submission of Federal Audit Clearinghouse Filing	Resolved

Brotherhood, Incorporated
Schedule of Compensation, Benefits, and Other Payments
To Agency Head or Chief Executive Officer
For the Year Ended December 31, 2022

Agency Head Name: Mark Johnson, Executive Director (January - May 2022)

Agency Head Name: Cyril B. Saulny, Executive Director (June - December 2022)

Purpose	Mark Johnson	Cyril B. Saulny
Salary	\$ 34,211	\$ 16,244
Benefits-FICA	2,586	1,243
Benefits-State	-	-
Benefits-SUTA	268	268
Benefits-executive parking	-	-
Car allowance	-	-
vehicle provided by government	-	-
Per diem	-	-
Reimbursements	-	-
Travel	-	-
Registration fees	-	-
Conference travel	-	-
Continuing professional education fees	-	-
Housing	-	-
Unvouchered expenses	-	-
Special meals	-	-

The accompanying notes are an integral part of these financial statements.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

BROTHERHOOD, INC.

AGREED UPON PROCEDURES REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Brotherhood, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Brotherhood, Inc's management is responsible for those C/C areas identified in the SAUPs.

Brotherhood, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs, for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: *The written policies and procedures appropriately address the required elements above.*

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/ (504)561-8600

Memphis Office: 1661 International Drive, Suite 400/Memphis, TN 38120/ (901)202-4688

Atlanta Office: 715 Peachtree St. NE, Suite 100/Atlanta, GA 30328/ (678)971-3700

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

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The written policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures appropriately address the required elements above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: The policies and procedures appropriately address the required elements above except for legal review and monitoring process.

Management's Response: The legal review and monitoring process was implemented to our policies and procedures after receiving our audit review on January 4th, 2023. We will amend the document to reflect the changes made.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: The written policies and procedures appropriately address the required elements above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: *The written policies and procedures appropriately address the required elements above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable, as the Entity is a nonprofit.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *Not applicable, as the Entity is a nonprofit.*

- k) **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.

Results: *The written policies and procedures appropriately address the required elements above.*

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

Results: *Not applicable, as the Entity is a nonprofit.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee meets with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: *The Board met on January 6, June 20, and June 21 of 2022. Because there was a lack of a quorum, the Entity did not host a meeting on April 12, 2022, as previously planned. No exceptions noted.*

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

Results: *The Entity is a non-profit and is not on the governmental accounting model as it relates to the general fund. However, financial activity regarding the Entity's operating budget, grant opportunities, and fundraisers was discussed at the board meetings. No exceptions noted.*

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

Results: *Not applicable, as the Entity is a non-profit.*

- d) 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.

Results: *Did the board committee receive written updates of the progress of resolving the 2021 audit findings until the finding was considered fully resolved? We cannot determine a definite answer based on the board meeting minutes that were provided.*

Management's Response: *Our quarterly board meeting was held prior to receiving our Audit finding on January 4th, 2023. The board meeting was held early to vote for the Executive Director position which was filled on January 9th. The audit findings were discussed with the board at the following meeting.*

Bank Reconciliations

- 3. Obtain a listing of client 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:

Results: *We obtained a listing of the Entity's bank accounts and management's representation that the listing is complete. We selected the month of December 2022 for the testing below.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: *We noted there was no evidence on the bank reconciliations to indicate they were prepared within 2 months of the related statement closing dates.*

Management's Response: *Bank reconciliations are prepared by the Fiscal Director; they are signed accordingly, however, not dated when reviewed. We will ensure all future bank statements and reconciliations will be initialed after they have been reconciled by the Executive Director within 2 months.*

- b) Bank reconciliations include evidence that a member of management/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

Results: *We noted the bank reconciliation included proper evidence of management approval. No exceptions noted.*

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *We noted there was one reconciling item in the Home Checking account (GL 10100-73) that has been outstanding for more than 12 months from the statement's closing dates.*

Management's Response: *The outstanding item was a previous journal entry, in which, we will need to make an adjusting entry on our system to close out the entry.*

Collections

- 4. 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).

Results: *We noted the Entity's only deposit site is located at 1422 Kerlerec Street, New Orleans, LA 70116.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: We noted the Entity's only deposit site is located at 1422 Kerlerec Street, New Orleans, LA 70116. This location is also the only collection location. We have obtained and inspected written policies and procedures relating to employee job duties at the collection location and observed that the job duties are properly segregated. Funds are deposited by the Administrative Assistant and bank reconciliations are performed by the Fiscal Director. No exceptions noted.

- a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: Entity provided a copy of a commercial crime bond that was enforced during the fiscal period. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, 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:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

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

Results: We observed the procedures above and noted that the Entity's documentation provided evidence to satisfy each requirement. We noted no exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We noted the Entity's only location for processing payments is 1422 Kerlerec Street, New Orleans, LA 70116.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Results: We have obtained a listing of the employees involved and the written policies and procedures relating to employee job duties at the location mentioned above and observed that the job duties are properly segregated.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Results: Requests are initiated by the Fiscal Director and approvals are made by the Executive Director before the Fiscal Director processes the request.

- b) At least two employees are involved in processing and approving payments to vendors.

Results: The Fiscal Director processes the payment after receiving approval from the Executive Director.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Results: *The Fiscal Director has the capability to add/modify the vendor files. However, the Executive Director is responsible for periodically reviewing changes to the vendor files.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: *The Fiscal Director processes the payments, and the Executive Director approves then mails the checks.*

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

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

Results: *The disbursements matched the original invoices and supporting documentation indicated deliverables included on the invoice were received by the Entity. No exceptions noted.*

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

Results: *Disbursement documentation includes evidence of segregation of duties. No exceptions noted.*

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3(a), 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.

Results: *Upon testing the Entity's non-payroll distributions, we noted that all disbursements were approved by authorized personnel. However, we were unable to obtain evidence that they were physically approved by the required second employee.*

Management's Response: *We have provided bank statements for each period listed that were authorized by the board in the absence of our former Executive Director; however, he was able to give authorization verbally to the board to approve transfer for payroll, but not able to sign the printed copy.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: We obtained a listing of all active cards used during the fiscal period and obtained management's representation that the listing was complete.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: There is evidence showing that the statements were reviewed and approved by someone other than the cardholder.

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

Results: There were no finance charges or late fees assessed on any of the cards.

14. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: We selected samples from three active cards in the Entity's listing. Two of the cards had no activity during the randomly selected sample period, so the testing was not applicable. All but four transactions were supported by an original itemized receipt. We obtained written documentation of the business/public purpose for all but two transactions that were missing the receipts. There were no meal charges in the selected sample.

Management's Response: Two transactions are monthly recurring charges from 2017 and 2020 set up and authorized by the former Executive Director. The other two transactions' receipts could not be located but are consistent with the other purchases in the same amount, at the same store, for the same business purpose.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: The Entity uses the reimbursement rate established by the U.S. General Services Administration.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: The reimbursements were for mileage only. There were no costs/receipts associated with the reimbursements. We noted no exceptions.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: Each reimbursement is supported by documentation of the business/public purpose. We noted no exceptions.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Each reimbursement was reviewed and approved by the appropriate personnel. We noted no exceptions.

Contracts

16. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

***Results:** We noted all selected contracts were written in the federal proposal for emergency response to Covid in the prior fiscal year. Thus, this step is not applicable.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

***Results:** We noted the Entity requires all contracts that total five hundred dollars or more are to be approved or ratified by the Board of Directors. We also noted that all selected contracts were previously board approved. We noted no exceptions.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

***Results:** We reviewed the Entity's amended contracts and observed that the original contract terms provided for such amendments, and the amendments were made in compliance with the contract terms. We noted no exceptions.*

- d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

***Results:** We randomly selected five payments, one from each contract, and obtained the supporting invoices, agreed them to the contract terms, and observed that the invoices and related payments agreed to the terms and conditions of the contract. We noted no exceptions.*

Payroll and Personnel

17. 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.

***Results:** We were provided with the information for the selected sample test work and found no exceptions.*

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: We were provided with the information for the selected sample test work and found no exceptions.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: We pulled a sample of the employees that were terminated, and we found no exceptions in our test work.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: Management's representation obtained. All employer and employee portions of third-party payroll related amounts were paid, and forms filed by required deadlines. No exceptions were noted.

Ethics

Results: Not applicable as the Entity is a non-profit.

Debt Service

Results: Not applicable as the Entity is a non-profit.

Fraud Notice

21. 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.

Results: Management confirmed there were no misappropriations of public funds and assets during the fiscal year ended December 31, 2022.

22. 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.

Results: We noted the required notice is posted on the Entity's premises and website.

Information Technology Disaster Recovery/Business Continuity

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

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

Results: We noted no exceptions. We obtained documents from the Data Specialist showing the Entity has backed up its critical data to Microsoft One Drive. The Data Specialist does this daily.

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

Results: *We noted no exceptions. We obtained documents from the Data Specialist showing the Entity has verified that its backups can be restored.*

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

Results: *We noted no exceptions. We obtained a listing of the Entity's computers currently in use along with their locations. All 5 selected computers have current and active antivirus software and the operating system and accounting system software in use are currently supported.*

24. 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.

Results: *We noted no exceptions. The Entity satisfies the requirement of removing access to its networks.*

Sexual Harassment

Results: *Not applicable as the Entity is a non-profit.*

We were engaged by Brotherhood, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Brotherhood, 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.

A handwritten signature in blue ink, appearing to read "Luther Speight & Co.", with a stylized flourish at the end.

Luther Speight & Company CPAs
New Orleans, Louisiana
June 28, 2023