

*Financial Report*

*Celebration Church, Inc.*  
*Metairie, Louisiana*

*December 31, 2023*



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December 31, 2023 and 2022

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**FINANCIAL SECTION**

## **INDEPENDENT ACCOUNTANT’S AUDIT REPORT**

To the Elders and the Board of Directors,  
Celebration Church, Inc.,  
Metairie, Louisiana.

### **Qualified Opinion**

We have audited the accompanying financial statements of Celebration Church, Inc. (the “Church”) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of not reporting expenses by functional category and not recording revenue for grant funds earned described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Church as of December 31, 2023 and 2022, and changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

As more fully described in Note 2j, the Church did not report expenses by functional category. Accounting principles generally accepted in the United States of America require the reporting of expenses by functional category. The effects on the accompanying financial statements of the failure to report expenses by function have not been determined. This deviation has been reviewed by Hancock Whitney Bank, and the Church has received a waiver.

As more fully described in Note 2h, the Church received approximately \$11,350,000 from the Federal Emergency Management Association (FEMA) for building damages sustained as a result of Hurricane Katrina. This amount is being amortized over the life of the related buildings constructed using these funds. The buildings are being amortized on a straight-line basis over a 30-year life. The Church did not report grant revenues when earned. Accounting principles generally accepted in the United States of America require the reporting of grant revenues when they are irrevocable. The effects on the accompanying financial statements would result in both an increase in net assets without donor restrictions and a decrease in deferred revenue of \$4,569,385 and \$4,753,052 as of December 31, 2023 and 2022, respectively.

We conducted our audits 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 Church and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Church's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 the Church'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 the Church's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule 1 is required by Louisiana Revised Statute 24:513(a)(3). Such information in the supplemental schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 28, 2024 on our consideration of the Church's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is 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 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 Church's internal control over financial reporting and compliance.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 28, 2024.

## STATEMENTS OF FINANCIAL POSITION

**Celebration Church, Inc.**  
Metairie, Louisiana

December 31, 2023 and 2022

### ASSETS

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,716,875	\$ 3,982,397
Accounts receivable, net	1,539,530	1,252,521
Insurance receivable	880,538	1,877,724
Other current assets	421,972	120,333
Total current assets	<u>5,558,915</u>	<u>7,232,975</u>
<b>Non-Current Assets</b>		
Right-of-use of equipment and building	165,255	361,163
Property and equipment, net	32,164,803	30,389,928
Total non-current assets	<u>32,330,058</u>	<u>30,751,091</u>
Total assets	<u>\$37,888,973</u>	<u>\$37,984,066</u>

See notes to financial statements.



**LIABILITIES AND NET ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 478,397	\$ 356,985
Deferred tuition and fees revenue	1,307,526	1,095,682
Deferred grant revenue	183,667	297,487
Deferred lease revenue	121,324	77,421
Other current liabilities	601,238	543,864
Lease liability	118,309	195,908
Current portion of long-term debt	<u>523,696</u>	<u>504,404</u>
Total current liabilities	<u>3,334,157</u>	<u>3,071,751</u>
<b>Noncurrent Liabilities</b>		
Long-term debt, net of current portion and unamortized debt issuance costs	8,996,845	9,514,273
Lease liability, net of current portion	46,946	165,255
Deferred grant revenue, net of current portion	4,385,718	4,595,205
Other noncurrent liabilities	395,160	395,160
Tenant deposits	<u>36,691</u>	<u>36,691</u>
Total noncurrent liabilities	<u>13,861,360</u>	<u>14,706,584</u>
Total liabilities	<u>17,195,517</u>	<u>17,778,335</u>
<b>Commitments and Contingencies</b>	-	-
<b>Net Assets</b>		
Without donor restrictions	20,577,280	20,132,111
With donor restrictions	<u>116,176</u>	<u>73,620</u>
Total net assets	<u>20,693,456</u>	<u>20,205,731</u>
Total liabilities and net assets	<u>\$37,888,973</u>	<u>\$37,984,066</u>

**STATEMENT OF ACTIVITIES****Celebration Church, Inc.**

Metairie, Louisiana

For the year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Revenue, Gains, and Other Support</b>			
Contributions	\$ 7,917,141	\$ 126,176	\$ 8,043,317
School tuition, fees and other, net	3,651,341	-	3,651,341
Shopping centers lease income	964,017	-	964,017
Hope Closet	130,820	-	130,820
Airline Daycare	634,361	-	634,361
Grants	921,083	-	921,083
Net assets released from restrictions	83,620	(83,620)	-
	<u>14,302,383</u>	<u>42,556</u>	<u>14,344,939</u>
<b>Operating Expenses</b>			
Program service:			
Church and ministry	5,276,928	-	5,276,928
School	4,721,114	-	4,721,114
Shopping centers	643,666	-	643,666
Hope Closet	113,417	-	113,417
Airline Daycare	724,335	-	724,335
Supporting service:			
Administrative and general	2,495,678	-	2,495,678
Depreciation	1,275,308	-	1,275,308
	<u>15,250,446</u>	<u>-</u>	<u>15,250,446</u>
Operating loss	<u>(948,063)</u>	<u>42,556</u>	<u>(905,507)</u>

**Exhibit B-1  
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Other Income (Expenses)</b>			
Gains on asset sales and disposal	138,566	-	138,566
Other income	28,803	-	28,803
Church lease income	348,013	-	348,013
Employee retention tax credits	1,430,035	-	1,430,035
Interest income	41,893	-	41,893
Interest expense	(541,378)	-	(541,378)
Hurricane expenses	(50,359)	-	(50,359)
Interest expense - amortization of debt issuance costs	(2,341)	-	(2,341)
Other expense, net	<u>1,393,232</u>	<u>-</u>	<u>1,393,232</u>
<b>Change in Net Assets</b>	445,169	42,556	487,725
<b>Net Assets</b>			
Beginning of year	<u>20,132,111</u>	<u>73,620</u>	<u>20,205,731</u>
End of year	<u><u>\$20,577,280</u></u>	<u><u>\$ 116,176</u></u>	<u><u>\$20,693,456</u></u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES****Celebration Church, Inc.**

Metairie, Louisiana

For the year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Revenue, Gains, and Other Support</b>			
Contributions	\$ 7,343,851	\$ 73,620	\$ 7,417,471
School tuition, fees and other, net	3,470,086	-	3,470,086
Shopping centers lease income	1,179,927	-	1,179,927
Hope Closet	111,136	-	111,136
Airline Daycare	680,156	-	680,156
Grants	1,024,955	-	1,024,955
Net assets released from restrictions	330,931	(330,931)	-
	<u>14,141,042</u>	<u>(257,311)</u>	<u>13,883,731</u>
<b>Operating Expenses</b>			
Program service:			
Church and ministry	4,873,849	-	4,873,849
School	4,141,484	-	4,141,484
Shopping centers	551,301	-	551,301
Hope Closet	100,626	-	100,626
Airline Daycare	746,605	-	746,605
Supporting service:			
Administrative and general	2,280,759	-	2,280,759
Depreciation	1,009,375	-	1,009,375
	<u>13,703,999</u>	<u>-</u>	<u>13,703,999</u>
Operating income (loss)	<u>437,043</u>	<u>(257,311)</u>	<u>179,732</u>

**Exhibit B-2  
(Continued)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>Other Income (Expenses)</b>			
Gain on asset disposal	1,003,059	-	1,003,059
Other income	237,061	-	237,061
Church lease income	362,400	-	362,400
Employee retention tax credits	225,919	-	225,919
Interest income	6,874	-	6,874
Interest expense	(713,474)	-	(713,474)
Hurricane expenses	(137,143)	-	(137,143)
Interest expense - amortization of debt issuance costs	(28,566)	-	(28,566)
Other expense, net	956,130	-	956,130
<b>Change in Net Assets</b>	1,393,173	(257,311)	1,135,862
<b>Net Assets</b>			
Beginning of year	18,738,938	330,931	19,069,869
End of year	<u>\$20,132,111</u>	<u>\$ 73,620</u>	<u>\$20,205,731</u>

See notes to financial statements.

**STATEMENTS OF CASH FLOWS****Celebration Church, Inc.**

Metairie, Louisiana

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 487,725	\$ 1,135,862
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,275,308	1,009,375
Bad debt expense	139,723	95,000
Amortization of deferred loan costs	2,341	28,566
Gain on disposal of property and equipment	(28,801)	-
Increase in insurance recovery - prior year disposal of equipment	(109,765)	(1,003,059)
Changes in operating assets and liabilities:		
Accounts receivable	(426,732)	(315,156)
Other current assets	(301,639)	(106,066)
Accounts payable and accrued expenses	121,412	(897,877)
Deferred tuition and fees revenue	211,844	127,648
Deferred grant revenue	(323,307)	(79,748)
Deferred lease revenue	43,903	77,421
Other current liabilities	57,374	(231,124)
Other noncurrent liabilities	-	95,160
	<u>1,149,386</u>	<u>(63,998)</u>
<b>Cash Flows From Investing Activities</b>		
Collection of insurance receivable	1,106,951	4,570,500
Proceeds from asset disposals, net of costs	488,370	-
Purchases of property and equipment	(3,509,752)	(2,715,583)
	<u>(1,914,431)</u>	<u>1,854,917</u>
<b>Cash Flows From Financing Activities</b>		
Deferred loan costs paid	-	(11,704)
Repayments of long-term debt	(500,477)	(4,871,969)
	<u>(500,477)</u>	<u>(4,883,673)</u>

**Exhibit C  
(Continued)**

	<u>2023</u>	<u>2022</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,265,522)	(3,092,754)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>3,982,397</u>	<u>7,075,151</u>
End of year	<u>\$2,716,875</u>	<u>\$ 3,982,397</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid for interest during the year	<u>\$ 541,378</u>	<u>\$ 713,474</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Celebration Church, Inc.**

Metairie, Louisiana

December 31, 2023 and 2022

**Note 1 - NATURE OF ACTIVITIES**

Celebration Church, Inc. (the "Church") is all about helping people find and fulfill God's plans and purposes for their lives. The Church has eight church campuses located across the Greater New Orleans area. The Church operates the Crescent City Christian School (the "School") which is located in Metairie, Louisiana. In addition, the Church includes the following operating divisions, Celebration Shopping Center, Celebration Square, the Hope Closet, and a Celebration Daycare.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Basis of Accounting**

The financial statements of the Church are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

**b. Basis of Presentation**

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Resources are available to support the general operations of the Church.

**Net Assets With Donor Restrictions** - Net assets subject to donor-imposed stipulations that may or will be met either by action of the Church and/or the passage of time, or net assets that are maintained in perpetuity by the Church.



**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 disclosures and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**d. Cash and Cash Equivalents**

The Church considers all short term, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**e. Accounts Receivable**

Accounts receivable consists of tuition and fees related to the school system and are stated at the amounts the school expects to collect. The School generally does not require collateral and maintains an allowance for expected credit losses for estimated losses resulting from the inability of its students to make the required payments. If the financial condition of the School's students were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. The School's estimate for the allowance for credit losses is based on a review of the current status of accounts receivable. Accounts receivable is presented net of an allowance for credit losses of \$201,252 and \$144,547 as of December 31, 2023 and 2022, respectively. The School uses a third-party company for tuition financing and earns 3% interest on all financed tuition. Interest income for the years ended December 31, 2023 and 2022 was insignificant.

The Church estimates credit losses associated with accounts receivable using an expected credit loss model, which utilizes an aging schedule methodology based on historical information and adjusted for asset-specific considerations, current economic conditions and reasonable and supportable forecasts.

The Church's approach considers a number of factors, including overall historical credit losses and payment experience, as well as current collection trends such as write-off frequency. The Church also considers other qualitative factors such as current and forecasted conditions.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f. Property and Equipment**

Property and equipment are stated at cost. The Church capitalizes all cost with an estimated useful life greater than one year and an original cost in excess of \$5,000. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Major expenditures for renewals and betterments are capitalized. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Church reports restrictions of net assets when the donated or acquired assets are placed in service as instructed by the donor. The Church reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

	<u>Years</u>
Building and improvements	15 - 39
Furniture and fixtures	3 - 7
Computer equipment	5
Equipment	5 - 7
Transportation equipment	5

**g. Construction in Progress**

Construction in progress is stated at cost, which includes the cost of construction and other direct cost attributed to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into service.

**h. Deferred Grant Revenue**

Deferred grant revenue results from the Church recognizing grant revenue in the period in which the related purchased assets are depreciated. The Church elected not to report grant revenues when they were irrevocably earned. The reporting of grant revenues when they are irrevocable is required under generally accepted accounting principles (GAAP). The Church received approximately \$11,350,000 from the Federal Emergency Management Association (FEMA) for building damages sustained as a result of Hurricane Katrina. This amount is being amortized over the life of the related buildings constructed using these funds. The buildings are being amortized on a straight-line basis over a 30-year life. Deferred revenue related to this

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h. Deferred Grant Revenue (Continued)**

grant as of December 31, 2023 and 2022 was \$4,569,385 and \$4,753,052, respectively. Revenues recognized related to this grant during the years ended December 31, 2023 and 2022 was \$187,700 and \$183,894, respectively. These deferred grant revenues are not considered contract liabilities. Other deferred revenues totaled \$139,640 as of December 31, 2022. There were no other deferred grant revenues as of December 31, 2023.

**i. Contributions and Revenue Recognition**

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All donor restricted support is reported as an increase in net assets without donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

School tuition for the upcoming school year is reported as deferred amounts and tuition revenue is recognized as earned on a monthly basis.

Revenues are recognized when control of the promised goods or service is transferred to the customers and tenants, in an amount that reflects the consideration to which the Church expects to be entitled from customers or tenants for goods transferred or services rendered. Revenue is recognized, over time, as performance obligations are satisfied. Performance obligations are determined based on the nature of the goods or services provided. Revenue earned over time is recognized as the estimated amounts expected to be collected.

Costs incurred by the Church in obtaining a contract are not capitalized. As part of the Church's adoption of the new revenue recognition guidance, the Church has elected to apply the practical expedient to recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Church otherwise would have recognized is one year or less. These costs are included in operating expenses in the Statements of Activities.

The Church has elected to apply practical expedients to not disclose the revenue related to unsatisfied performance obligations if the contract has an original duration of one year or less, and the Church has recognized revenue for the amount in which it has the right to bill.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. Contributions and Revenue Recognition**

The following is a description of principal service lines from which the Church generates its revenue:

*School and Airline Daycare tuition:* Revenue from tuition and fees are presented at transaction prices, which typically are determined based on standard published rates for the services provided, less any financial aid awarded by the Church to qualifying students. Tuition and fees revenues are recognized, and associated performance obligations are satisfied over time during the course of the fiscal year in which the student services are provided.

*Shopping Centers lease revenue:* Lease revenue is received each month. Revenue is recognized when control of the building space is provided.

*Hope Closet sales.* Sales of goods are presented at transaction prices based on amounts charged for goods based on standard mark ups from the cost of those goods. Revenue is recognized when control of the goods is transferred to the customer.

The Church has recorded deferred grant income from money reimbursed from the Federal Emergency Management Agency (FEMA) for depreciable property replaced as a result of the damage from Hurricane Katrina. Grant revenue is recognized over the useful lives of the replaced property. The grant revenue recognized during the years ended December 31, 2023 and 2022 was \$187,700 and \$183,894, respectively. The remaining balance of deferred revenue as of December 31, 2023 and 2022 is approximately \$4,569,000 and \$4,757,000, respectively.

The following table summarizes contract liabilities as of December 31, 2023 and 2022 and January 1, 2022:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - Hurricane Katrina FEMA grant	\$ 395,160	\$ 395,160	\$ 300,000
Contract liabilities - tuition	<u>1,307,526</u>	<u>1,095,682</u>	<u>968,034</u>
Total	<u>\$1,702,686</u>	<u>\$1,490,842</u>	<u>\$1,268,034</u>

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j. Methods Used For Allocation of Expenses**

The Church has elected not to report expenses by functional category. The reporting of expenses by functional category is required under generally accepted accounting principles (GAAP).

**k. Income Taxes**

The Church qualifies as a not-for-profit organization under Section 501 (c)(3) of the Internal Revenue Code, and thus, is exempt from federal and state income taxes.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2023, management believes the Church has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**l. Contributed Services**

A number of unpaid volunteers have made significant contributions of their time to the Church. These contributed services do not meet the criteria for recognition required by generally accepted accounting principles and are not reflected in the accompanying financial statements.

**m. Advertising Expense**

The Church uses advertisements to promote its programs among the audiences it serves. The Church's policy is to expense advertising costs as incurred. Advertising expense for the years ended December 31, 2023 and 2022 was \$53,895 and \$42,452, respectively.

**n. Financial Aid**

The School and daycare provide financial aid in the form of tuition reduction to children of school employees, church members and other various discounts. Tuition revenue in the Statements of Activities is reported net of financial aid in the amount of \$341,440 and \$267,706 for the years ended December 31, 2023 and 2022, respectively.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. Compensated Absences**

Employees of the Church are entitled to paid vacation, paid sick days, and personal days off, depending on job classifications, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded to the accompanying financial statements. The Church's policy is to recognize the costs of compensated absences when actually paid to employees.

**p. Recently Issued Accounting Standards**

**Current Expected Credit Losses**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, "*Financial Instruments – Credit Losses*" (Topic 326) and has since modified the standard with several ASUs (collectively, the "new credit loss standard"). The new credit loss standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount. As of January 1, 2023, the Church has adopted this standard, and it was applied prospectively after this date.

**q. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 28, 2024, which is the date the financial statements were available to be issued.

**Note 3 - CONCENTRATIONS OF CREDIT RISK**

The Church maintains deposits with local financial institutions. Accounts at these institutions are insured by the U.S. Federal Deposit Insurance Corporation up to \$250,000 per account. The balances at times may exceed federally insured limits. As of December 31, 2023, there was approximately \$2,357,000 in uninsured cash.

**Note 4 - ACCOUNTS RECEIVABLE**

Accounts receivable balances are predominantly comprised of amounts currently due from students at the School and Daycare.

The following table summarizes receivables and related allowance for credit losses as of December 31, 2023 and 2022 and January 1, 2022:

	December 31, 2023	December 31, 2022	January 1, 2022
Receivable, gross	\$1,740,782	\$1,397,068	\$1,253,594
Allowance for credit losses	<u>(201,252)</u>	<u>(144,547)</u>	<u>(221,229)</u>
Receivables, net of credit losses	<u>\$1,539,530</u>	<u>\$1,252,521</u>	<u>\$1,032,365</u>

Many of the Church's loss estimation techniques rely on delinquency-based models, therefore, delinquency is an important indicator of credit quality in the establishment of the Church's allowance for credit losses. The Church manages the receivables using delinquency as a key credit quality indicator.

The following table presents the delinquency status as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Current - 30 days	\$1,576,186	\$1,257,826
31-60 days	46,111	21,867
61-90 days	37,088	15,115
Greater than 90 days	<u>81,397</u>	<u>102,260</u>
Receivables, net of credit losses	<u>\$1,740,782</u>	<u>\$1,397,068</u>

The Church estimates credit losses on receivables by applying an expected credit loss model, which relies on historical loss data to calculate default probabilities. The assessment of default probabilities includes receivables delinquency status, historical loss experience and how long the receivables have been outstanding. The Church also considers the need to adjust the estimate of credit losses on receivables for reasonable and supportable forecasts and internal statistical analyses.

**Note 4 - ACCOUNTS RECEIVABLE (Continued)**

Activity for the years ended December 31, 2023 and 2022 in the allowance for credit losses for the accounts receivable were as follows:

	2023	2022
Beginning allowance for credit losses	\$ 144,547	\$ 221,229
Bad debt expense	139,723	95,000
Write-offs	(83,018)	(171,682)
Ending allowance for credit losses	\$ 201,252	\$ 144,547

**Note 5 - INSURANCE RECEIVABLE**

On August 29, 2021, Hurricane Ida struck the Greater New Orleans Area. Certain buildings owned by the Church sustained damage. The Church maintains various insurance policies on the damaged buildings. Estimated damages sustained and insurance proceeds as of December 31, 2023 and 2022, respectively are as follows:

	2023	2022
Estimated damage to buildings at net book value	\$3,100,000	\$3,100,000
Estimated insurance reimbursement for replacement cost and supplemental coverages	\$7,560,000	\$7,450,000
Insurance proceeds received during the years ended		
December 31, 2021	(1,000,000)	(1,000,000)
December 31, 2022	(4,570,000)	(4,570,000)
December 31, 2023	(1,110,000)	-
Estimated insurance proceeds receivable as of December 31, 2023 and 2022, respectively	\$ 880,000	\$1,880,000

During the years ended December 31, 2023 and 2022, management determined that an approximately additional \$110,000 and \$1,003,000, respectively, of insurance will be received as a result of the damage caused by Hurricane Ida. The increase in the estimated insurance proceeds receivable is reported as a gain on asset disposal on the December 31, 2023 and 2022 Statements of Activities, respectively.



**Note 6 - PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2023 and 2022 consists of the following:

	2023	2022
Land	\$ 3,863,757	\$ 3,965,757
Building and improvements	36,053,869	34,560,902
Furniture and fixtures	681,879	681,879
Computer equipment	1,013,302	1,013,302
Equipment	6,407,378	5,620,401
Transportation equipment	214,600	52,600
Construction in progress	402,564	-
	48,637,349	45,894,841
Less accumulated depreciation	(16,472,546)	(15,504,913)
Totals	\$32,164,803	\$30,389,928

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,275,308 and \$1,009,375, respectively.

**Note 7 - LINE OF CREDIT**

During the year ended December 31, 2022 the Church entered into a \$4,200,000 line of credit with Hancock Whitney bank with a variable interest rate of AMERIBOR term-30 +2% (7.50% and 7.25% as of December 31, 2023 and 2022, respectively). The note is due on demand and expires November 14, 2027. The note is secured by property of the Church. There were no amount outstanding on the line of credit as of December 31, 2023 and 2022.

**Note 8 - LONG-TERM DEBT**

Long-term debt as of December 31, 2023 and 2022 consists of the following:

	2023	2022
<p>Various notes payable to Hancock Whitney bank paid in monthly installments of approximately \$78,000, including interest ranging from 5.35% to 6%. The notes mature at various times, through 2027. The notes are secured by the assets of the Church.</p>	\$9,164,647	\$9,631,428
<p>Economic Injury Disaster Loan (EIDL) agreements administered by the United States Small Business Administration (SBA) totaling \$300,000. Interest on the loan is 2.75%. The loan requires principal and interest payments of \$1,282 beginning June 22, 2022 through maturity, June 22, 2050. Interest accrued since inception is reduced by the monthly payment before original principal is repaid. The loan is secured by substantially all tangible and intangible property of the</p>	300,000	300,000
<p>Note payable to Pawnee Leasing, Inc. paid in monthly installments of \$2,369, including interest at 12.60%. The note matures in 2024. The note is secured by the assets of the Church.</p>	21,772	46,324
<p>Note payable to the Louisiana Baptist Convention paid in monthly installments of \$966, including interest at 3.00%. The note matures in 2027. The note is unsecured.</p>	43,095	52,239
<p style="padding-left: 20px;">Total long-term debt</p>	9,529,514	10,029,991
<p style="padding-left: 20px;">Less: current portion</p>	(523,696)	(504,404)
<p style="padding-left: 20px;">Less: unamortized debt issuance costs</p>	(8,973)	(11,314)
<p style="padding-left: 20px;">Long-term debt, less current portion and unamortized debt issuance costs</p>	\$8,996,845	\$9,514,273

**Note 8 - LONG-TERM DEBT (Continued)**

The maturities of long-term debt as of December 31, 2023 are as follows:

<u>Years ending December 31,</u>	
2024	\$ 523,696
2025	511,178
2026	517,614
2027	4,868,702
2028	227,738
Thereafter	<u>2,880,586</u>
Total	<u>\$ 9,529,514</u>

**Note 9 - DEFERRED LOAN COSTS**

In November of 2022, the notes payable to Hancock Whitney bank were refinanced and consolidated. Certain costs related to the long-term debt and other financing costs were capitalized and are being amortized over the estimated life of the related notes payable. Financing and loan acquisition costs totaled \$11,704 for both of the years ended December 31, 2023 and 2022. Accumulated amortization totaled \$2,731 and \$390 as of December 31, 2023 and 2022, respectively.

For the years ended December 31, 2023 and 2022, amortization expense totaled \$2,341 and \$28,566, respectively.

**Note 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions totaled \$116,176 as of December 31, 2023, restricted for Hispanic interns. Net assets with donor restrictions totaled \$73,620 as of December 31, 2022, restricted for property and equipment additions.

**Note 11 - LEASES**

**Lessee**

The Church leases equipment under operating leases expiring at various dates through September 30, 2027. The charges for these leases are charged concurrently with the maintenance on the underlying equipment. Total lease expense for leases of equipment was approximately \$202,078 and \$181,674, respectively, for the years ended December 31, 2023 and 2022. Lease expenses are reported in administrative and general expenses on the Statements of Activities. There were no variable lease payments for the years ending December 31, 2023 and 2022.

Operating leases reported under FASB ASC 842 as of and for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<b>Lease Cost</b>		
Operating lease costs	<u>\$181,674</u>	<u>\$181,674</u>
Operating lease right-of-use asset	<u>\$165,255</u>	<u>\$361,163</u>
Operating lease liability	<u>\$165,255</u>	<u>\$361,163</u>
<b>Cash Flow Items</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$202,078</u>	<u>\$181,674</u>
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	<u>\$ -</u>	<u>\$129,158</u>
<b>Weighted-Average Information</b>		
Weighted-average remaining lease in years	1.15	2.13
Weighted-average discount rate:		
Operating leases	0.96%	0.96%

**Note 11 - LEASES (Continued)**

**Lessee (Continued)**

Future minimum lease payments under non-cancellable operating leases as of December 31, 2023 are as follows:

Year Ending December 31,	Amounts
2024	\$119,423
2025	31,640
2026	12,702
2027	3,095
	166,860
Total lease payments less interest	(1,605)
	165,255
Less current maturities	(118,309)
Long-term lease liability	\$ 46,946

**Lessor**

The Church leases a church, retail space, and office space to various tenants under non-cancellable operating leases that expire at various dates through 2034. The lease agreements typically provide for a specific monthly payment plus reimbursement of certain operating costs. The minimum future rentals under non-cancelable operating leases as of December 31, 2023 are as follows:

Years ending December 31,	
2024	\$ 488,533
2025	536,433
2026	423,133
2027	396,978
2028	226,405
Thereafter	1,178,738
Total	\$3,250,220

**Note 12 - EMPLOYEE BENEFIT PLAN**

The Church sponsors a defined contribution plan (the "Plan") for all employees qualified under Section 403(b) of the Internal Revenue Code. Contributions to the Plan by the Church are based on the participant's contributions. The Church pays expenses associated with the administration of the Plan. The Church did not make any contributions to the Plan during the years ended December 31, 2023 and 2022.

**Note 13 - COMMITMENTS AND CONTINGENCIES**

The Church is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; employee injuries and illness; and natural disaster. Commercial insurance coverage is purchased for claims arising from such matters.

The Church has received grants from the federal government in response to federally declared emergencies. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the Church. The Church would be liable for as much as the full amount of governmental funds expended for the year, if under audit, the oversight agency was to determine that all costs charged to the project were disallowed. Management determined that \$395,160 is a reasonable estimate of disallowed grant funds as of December 31, 2023 and 2022, which is reported as a noncurrent liability on the December 31, 2023 and 2022 Statements of Financial Position. The increase in the estimated disallowed grant funds of \$95,160 for the year ended December 31, 2022 is reported as administrative and general expenses on the December 31, 2022 Statement of Activities.

The Church has contracts with construction companies of approximately \$1,280,000 for building improvements of which approximately \$350,000 has been completed as of December 31, 2023.

**Note 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

As part of the Church's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Church receives gifts with donor restrictions and contributions with donor time and purpose restrictions. In addition, the Church generates revenue and receives support without donor restrictions. Contributions without donor restrictions, school tuition, shopping center rentals, Hope Closet sales, daycare tuition, and other income are considered to be available to meet cash needs for general expenditures. General expenditures include ministry, school, shopping centers, Hope Closet, Airline Daycare, other program, general and administrative and depreciation expenses. Annual operations

**Note 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

are defined as activities occurring during, and included in the budget for, the upcoming year. The Church also has a committed line of credit in the amount of \$4,200,000 to help manage liquidity needs.

The following table represents financial assets available for general expenditures within one year of December 31, 2023:

Financial assets:	
Cash and cash equivalents	\$2,716,875
Accounts receivable, net	<u>1,539,530</u>
Total financial assets	4,256,405
Less amounts not available to be used within one year, due to:	
Contractual or donor imposed restrictions:	
Purpose restricted net assets	<u>(116,176)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$4,140,229</u></u>

**SUPPLEMENTARY INFORMATION**



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

**Celebration Church, Inc.**  
Metairie, Louisiana

For the year ended December 31, 2023

**Agency Head Name:** Lead Pastor Dennis Watson

**Purpose**

Salaries	\$0
Benefits - insurance	0
Benefits - retirement	0
Benefits - life insurance	0
Benefits - long term disability	0
Benefits - FICA and Medicare	0
Car allowance	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Meetings and conventions	0
Other	<u>0</u>
	<u><u>\$0</u></u>

**Note:**

No public funds were used to pay Mr. Watson's salary, benefits, or any other compensation during the year ended December 31, 2023.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**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 Elders and Board of Directors,  
Celebration Church, Inc.,  
Metairie, Louisiana.

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 Celebration Church, Inc. (a non-profit corporation) (the “Church”), which comprise the Statement of Financial Position as of December 31, 2023, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Church’s financial statements, and have issued our report thereon dated June 28, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Church’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Church’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Church’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 Church’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Church's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Church'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 Church's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 28, 2024.

**SCHEDULE OF FINDINGS AND RESPONSES**

**Celebration Church, Inc.**  
Metairie, Louisiana

For the year ended December 31, 2023

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(is) identified that are not considered to be a material weakness?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

b) Federal Awards

The Church did not expend federal awards in excess of \$750,000 during the year ended December 31, 2023 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Financial Statements**

**Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2023.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2023.

**Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2023.

**Section III - Federal Award Findings and Questioned Costs**

**Internal Control and Compliance Material to Federal Awards**

The Church did not expend federal awards in excess of \$750,000 during the year ended December 31, 2023 and therefore is exempt from the audit requirements under the Uniform Guidance.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**Celebration Church, Inc.**  
Metairie, Louisiana

For the year ended December 31, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2022.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2022.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2022.

### **Section II - Internal Control and Compliance Material to Federal Awards**

The Church did not expend federal funds in excess of \$750,000 during the year ended December 31, 2022 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2022.



## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

**Celebration Church, Inc.**  
Metairie, Louisiana

For the year ended December 31, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2023.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2023.

#### **Compliance and Other Matters**

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2023.

### **Section II - Internal Control and Compliance Material to Federal Awards**

The Church did not expend federal funds in excess of \$750,000 during the year ended December 31, 2022 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2023.

**STATEWIDE AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT’S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Elders and Board of Directors,  
Celebration Church, Inc.,  
Metairie, Louisiana.

We have performed the procedures described in Schedule 2 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2023 through December 31, 2023 (the “fiscal period”). Celebration Church, Inc.’s (the “Church”) management is responsible for those C/C areas identified in the SAUPs.

The Church 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 the LLA’s SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

We were engaged by the Church to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Church 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, Louisiana,  
June 28, 2024.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**Celebration Church, Inc.**  
 Metairie, Louisiana

For the year ended December 31, 2023

The required procedures and our findings are as follows:

**1. Procedures Performed on the Church's Written Policies and Procedures:**

A. Obtain and inspect the Church's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Church's operations:

i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

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.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. **Disbursements**, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of each type of revenue or Church 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).

Performance: Obtained and read the written policy for receipts and collections and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

**1. Procedures Performed on the Church's Written Policies and Procedures: (Continued)**

- 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.  
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- 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.  
Performance: Obtained and read the policies for contracting and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- 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).  
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
- 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 Church's ethics policy.  
Not applicable for not-for-profit entities.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
Performance: The Church does not issue debt.  
Not applicable for not-for-profit entities.

**1. Procedures Performed on the Church's Written Policies and Procedures: (Continued)**

- 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.

Performance: Obtained and read the information technology disaster recovery/business continuity policy and found it to address all of the functions listed above.

Exceptions: There were no exceptions noted.

- 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.

Not applicable for not-for-profit entities.

**2. Procedures Performed on the Church's Board:**

- 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 met with a quorum at least monthly, or on a frequency in accordance with the board/finance committee's enabling legislation, charter, bylaws, or other equivalent document.

Performance: Obtained the 2023 Board meeting minutes and verified the Board met 3 times with a quorum. Obtained the Church's bylaws and confirmed the Board is required to meet at least twice a year.

Exceptions: There were no exceptions noted.

- 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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

Not applicable for not-for-profit entities.

**2. Procedures Performed on the Church's Board: (Continued)**

- 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 unrestricted fund balance in the general fund.

Not applicable for not-for-profit entities.

- 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.

Performance: Obtained the prior year audit report and observed no audit findings for the year ended December 31, 2022.

Exceptions: There were no exceptions noted.

**3. Procedures Performed on the Church's Bank Reconciliations:**

- A. Obtain a listing of the Church's bank accounts from management and management's representation that the listing is complete. Ask management to identify the Church's main operating account. Select the Church'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:

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter that the listing is complete. The main account and 3 other accounts were subject to the statewide agreed-upon procedures.

Exceptions: There were no exceptions noted.

- 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):

Performance: Obtained the May 2023 bank reconciliation for the main operating bank account and the three other accounts selected. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: The bank reconciliations for 3 of the accounts were not prepared within 2 months of the related statement's closing date.



**3. Procedures Performed on the Church's Bank Reconciliations: (Continued)**

- 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Performance: Inspected the Church's documentation for the selected bank reconciliations for the 4 bank accounts and verified a member of management who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation.

Exceptions: The selected bank reconciliations were reviewed by a member of management who does post ledgers. The selected bank reconciliations were not reviewed within 1 month of the date the reconciliation was prepared.

- iii. 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.

Performance: Inspected documents for items outstanding for more than 12 months. We noted no checks outstanding for longer than 12 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

**4. Procedures Performed on the Church's Collections (Excluding Electronic Funds Transfers):**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

Performance: Obtained the listing of deposit sites from management, and received management's representation that the listing is complete. Selected the sole location for testing that qualifies.

Exceptions: There were no exceptions noted.

- 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:

Performance: Obtained the listing of collection locations from management, and received management's representation that the listing is complete. Selected the sole location for testing and verified procedures were performed by examining transaction documentation.

Exceptions: There were no exceptions noted.

**4. Procedures Performed on the Church's Collections (Excluding Electronic Funds Transfers):  
(Continued)**

i. Employees responsible for cash collections do not share cash drawers/registers.  
Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.  
Exceptions: There were no exceptions noted.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless other employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.  
Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.  
Exceptions: There were no exceptions noted.

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  
Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.  
Exceptions: There were no exceptions noted.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.  
Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.  
Exceptions: There were no exceptions noted.

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.  
Performance: Obtained a copy of the insurance policy for theft covering all employees who have access to cash. Observed that the insurance policy for theft was in force during the fiscal period.  
Exceptions: There were no exceptions noted.

**4. Procedures Performed on the Church's Collections (Excluding Electronic Funds Transfers):  
(Continued)**

D. Randomly select 2 deposit dates for each of the 4 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly select 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 8 deposits and

i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

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).

Performance: Observed that the deposits tested were made within 1 business day of receipt.

Exceptions: In 4 instances, the deposits were not deposited within 1 business day of receipt.

v. Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

**5. Procedures Performed on the Church's Non-Payroll Disbursements (Excluding Card Purchases/Payments, 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).

Performance: Obtained a listing of locations that process payments for the fiscal period from management, and received management's representation that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A, 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 Organization has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- ii. At least 2 employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.

- 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.

Performance: Obtained a listing of employees involved in processing payments to vendors. Observed that the employee involved in processing payments can add/modify vendor files. Another employee is responsible for periodically reviewing changes to vendor files.

Exceptions: There were no exceptions noted

- 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.

Performance: Obtained a listing of employees involved with signing and mailing checks and noted the employee who mails checks is involved in processing payments.

Exceptions: The employees who are responsible for processing payments also mail the checks.

**5. Procedures Performed on the Church's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- 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.

Performance: Obtained a listing of employees/officials authorized to sign checks and noted they are not the employees who approve electronic disbursements.

Exceptions: There were no exceptions noted.

- C. For each location selected under procedure #5A, obtain the Church'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:

Performance: Obtained the Church's non-payroll disbursement transaction population and received management's representation that the population is complete. Selected 5 disbursements from the sole location that processes payment for testing.

Exceptions: There were no exceptions noted.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Church.

Performance: Observed the 5 disbursements matched the related original invoice/billing statements and documentation indicates deliverables were received.

Exceptions: There were no exceptions noted.

- ii. Observe whether that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the Church'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 Church's policy, and (b) approved by the required number of authorized signers per the Church's policy.

- i. Approved by only those persons authorized to disburse funds (e.g., sign checks) per the Church's policy.

Performance: Observed that 5 disbursements included evidence of approval by authorized persons.

Exceptions: There were no exceptions noted.

**5. Procedures Performed on the Church's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- ii. Approved by the required number of authorized signers per the Church's policy.  
Performance: Observed the 5 disbursements included evidence of approval by required number of authorized signers.  
Exceptions: There were no exceptions noted.

**6. Procedures Performed on the Church's Credit Cards, Debit Cards, Fuel Cards, Purchase 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.

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- 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

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.  
Performance: Observed that there were no finance charges and/or late fees assessed on the selected statements.

Exceptions: There were no exceptions noted.



**6. Procedures Performed on the Church's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards: (Continued)**

C. Using the monthly statements or combined statements selected under procedure #6B, 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, report whether the transaction is supported by:

i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statement were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: For 1 school employee card, 8 of 10 transactions tested, and for a second school employee card, 4 of 10 transactions tested, were not supported by itemized receipts.

ii. Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements that were supported by itemized receipts were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

iii. 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.

Performance: Observed that the selected transactions for meal charges (only 4 were for a meal charge) were supported by documentation of the individuals participating in meals.

Exceptions: There were no exceptions noted.

**7. Procedures Performed on the Church's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):**

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

Performance: Observed there were no travel and travel-related expenses in the fiscal year, and obtained management's representation that there were no travel and travel-related expenses.

Exceptions: There were no exceptions noted.

**7. Procedures Performed on the Church's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions): (Continued)**

- 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](http://www.gsa.gov));

Performance: Observed there were no travel and travel-related expenses in the fiscal year, and obtained management's representation that there were no travel and travel-related expenses.

Exceptions: There were no exceptions noted.

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

Performance: Observed there were no travel and travel-related expenses in the fiscal year, and obtained management's representation that there were no travel and travel-related expenses.

Exceptions: There were no exceptions noted.

- 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).

Performance: Observed there were no travel and travel-related expenses in the fiscal year, and obtained management's representation that there were no travel and travel-related expenses.

Exceptions: There were no exceptions noted.

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

Performance: Observed there were no travel and travel-related expenses in the fiscal year, and obtained management's representation that there were no travel and travel-related expenses.

Exceptions: There were no exceptions noted.



**8. Procedures Performed on the Church's 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:

Performance: Observed that there were no agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period, and obtained management's representation that there were no contracts initiated or renewed in 2023.

Exceptions: There were no exceptions noted.

- 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.

Performance: Observed that the Church is not required to bid to be in accordance with Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

- 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).

Performance: Observed there were no contracts initiated or renewed in 2023 to be discussed in the Board minutes or by the governing body/board.

Exceptions: There were no exceptions noted.

- 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).

Performance: Observed that there were no contracts initiated or renewed in 2023.

Exceptions: There were no exceptions noted.

- 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.

Performance: Observed there were no contracts initiated or renewed in 2023 thus no payments made in the fiscal period.

Exceptions: There were no exceptions noted.

**9. Procedures Performed on the Church's 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.

Performance: Obtained a listing of employees employed during the fiscal period from management, and received management's representation that the listing is complete. Selected 5 employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: There were no exceptions noted.

- 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).

Performance: Inquired of management who verified that employee attendance records are not maintained, only "leave" time is maintained.

Exceptions: There were no exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Performance: Inquired of management who verified that employee attendance records are not maintained, only "leave" time is maintained. Only two of the employees selected had any leave time during the selected pay period.

Exceptions: There were no exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the Church's cumulative leave records.

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Performance: Agreed the pay rates to authorized salary/pay rates maintained in employee files.

Exceptions: There were no exceptions noted.

**9. Procedures Performed on the Church's Payroll and Personnel:**

- 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Church's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees'/officials' authorized pay rates in the employees'/officials' personnel files, and agree the termination payment to the Church's policy.

Performance: Observed that no terminated employee received termination payments during the fiscal period and received management's representation that there were no termination payments.

Exceptions: There were no exceptions noted.

- 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.

Performance: Obtained management's representation that employer and employee portions of third-party payroll accounts have been paid, and any associated forms have been filed by the required deadlines.

Exceptions: There were no exceptions noted.

**10. Procedures Performed on the Church's Ethics:**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:

Not applicable for not-for-profit entities.

- 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.

Not applicable for not-for-profit entities.

- ii. Observe whether the Church maintains documentation which demonstrates that each employee and official were notified of any changes to the Church's ethics policy during the fiscal period, as applicable.

Not applicable for not-for-profit entities.

- B. Inquire and/or observe whether the Church has appointed an ethics designee as required by R.S. 42:1170.

Not applicable for not-for-profit entities.

**11. Procedures Performed on the Church's 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.

Not applicable for not-for-profit entities.

- 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).

Not applicable for not-for-profit entities.

**12. Procedures Performed on the Church's 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 Church reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Church is domiciled as required by R.S. 24:523.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period, none were noted. We obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

- B. Observe that the Church 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.

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13. Procedures Performed on the Church's Information Technology Disaster Recovery/  
Business Continuity:**

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

- i. Obtain and inspect the Church's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personal responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Church's local server or network, and (c) was encrypted.

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

- ii. Obtain and inspect the Church'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.

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

- iii. Obtain a listing of the Church'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.

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

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using a list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

**13. Procedures Performed on the Church's Information Technology Disaster Recovery/  
Business Continuity: (Continued)**

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Performance: Randomly selected 5 employees/officials from Payroll and Personnel procedure and discussed the results with management.

Exceptions: There were no exceptions noted.

**14. Procedures Performed on the Church's Prevention of Sexual Harassment:**

A. Using the 5 randomly selected employees/officials from "Procedures Performed on the Church's Payroll and Personnel procedure" #9A, obtain sexual harassment training documentation from management, and observe 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.

Not applicable for not-for-profit entities.

B. Observe that the Church has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Church's premises if the Church does not have a website).

Not applicable for not-for-profit entities.

C. Obtain the Church's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements.

Not applicable for not-for-profit entities.

ii. Number of sexual harassment complaints received by the agency.

Not applicable for not-for-profit entities.

iii. Number of complaints which resulted in a finding that sexual harassment occurred.

Not applicable for not-for-profit entities.

**14. Procedures Performed on the Church's Prevention of Sexual Harassment: (Continued)**

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

Not applicable for not-for-profit entities.

v. The amount of time it took to resolve each complaint.

Not applicable for not-for-profit entities.

**Management's Overall Response to Exceptions:**

3.A.i. For three bank accounts, the reconciliation was not prepared within 2 months of the related statement's closing date.

**Management's Response:** Management will ensure that all bank reconciliations are prepared in a timely manner.

3.A.ii. The bank reconciliations were reviewed by members of management that can post ledgers and not within 1 month of the date the reconciliation was prepared.

**Management's Response:** Management will ensure that all bank reconciliations are reviewed by members of management that cannot post ledgers on a timely basis.

4.D.iv. In 4 instances, deposits tested were not deposited within one business day of receipt.

**Management's Response:** Management will ensure that all deposits are made within one business day of receipt.

5.B.iv. The employees who are responsible for processing payments also mail the checks.

**Management's Response:** Management will ensure that checks are mailed by employees who are not responsible for processing payments.

6.C.i. For 1 School employee credit card, 8 out of 10 transactions tested, and for a second School Employee credit card, 4 of 10 transactions tested, were not supported by itemized receipts.

**Management's Response:** Management will ensure that all credit card transactions are supported by itemized receipts.