

**AVOYELLES CHILD
DEVELOPMENT SERVICES, INC.**
Moreauville, Louisiana

Financial Report
Year Ended December 31, 2022

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

Mrs. Lynn Normand, Executive Director, and
Members of the Board of Directors
Avoyelles Child Development Services, Inc.
Moreauville, Louisiana

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Avoyelles Child Development Services, Inc.'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 judgement made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining statement of financial position, and schedule of grant revenue on pages 19–20 and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial

statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of position, the schedule of grant revenue, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023, on our consideration of Avoyelles Child Development Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Avoyelles Child Development Services, Inc. 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 Avoyelles Child Development Services, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 27, 2023

FINANCIAL STATEMENTS

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Financial Position
December 31, 2022

ASSETS

Current assets:	
Cash	\$ 29,298
Grants receivable	220,440
Prepaid expenses	<u>52,070</u>
Total current assets	301,808
Property and equipment, net	<u>2,401,084</u>
Total assets	<u>\$ 2,702,892</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 124,015
Accrued salaries and related benefits	24,774
Notes payable	<u>23,195</u>
Total current liabilities	171,984
Long-term liabilities:	
Notes payable	<u>698,308</u>
Total liabilities	870,292
Net assets:	
Without donor restrictions	<u>1,832,600</u>
Total liabilities and net assets	<u>\$ 2,702,892</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Activities
Year Ended December 31, 2022

Changes in net assets without donor restrictions	
Support:	
Government grants	\$ 2,629,237
Contributed services	16,592
Miscellaneous income	<u>33,206</u>
Total support without donor restrictions	<u>2,679,035</u>
Expenses:	
Program services -	
Head Start	1,805,150
Early Head Start	38,297
Food Services	<u>352,950</u>
Total program services	2,196,397
Support services -	
Management and General	<u>276,159</u>
Total expenses	<u>2,472,556</u>
Change in net assets without donor restrictions	206,479
Net assets, beginning of year	<u>1,626,121</u>
Net assets, end of year	<u>\$ 1,832,600</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Management and General	Total
	Head Start Program	Early Head Start Program	Food Services Program		
Salaries	\$ 1,137,707	\$ -	\$ 218,753	\$ 118,386	\$ 1,474,846
Payroll taxes	127,244	-	20,526	11,996	159,766
Retirement	23,994	-	3,740	4,885	32,619
Total salaries and related expenses	<u>1,288,945</u>	<u>-</u>	<u>243,019</u>	<u>135,267</u>	<u>1,667,231</u>
Dues	-	-	-	3,646	3,646
Transportation cost	53,451	-	-	-	53,451
Food and nutrition	-	-	104,612	-	104,612
Insurance	74,372	-	5,319	3,685	83,376
Interest expense	49,039	-	-	-	49,039
Contributed services and facility costs	16,592	-	-	-	16,592
Medical, dental and language services	1,770	-	-	-	1,770
Miscellaneous	6,910	-	-	16,588	23,498
Advertising	-	-	-	2,667	2,667
Professional fees	-	-	-	72,042	72,042
Repairs and maintenance	64,805	-	-	22,076	86,881
Seminars and workshops	1,436	21,158	-	5,878	28,472
Supplies and materials	23,296	9,597	-	3,444	36,337
Telephone and utilities	86,151	-	-	10,866	97,017
Travel	2,870	7,542	-	-	10,412
Total expenses before depreciation	<u>1,669,637</u>	<u>38,297</u>	<u>352,950</u>	<u>276,159</u>	<u>2,337,043</u>
Depreciation expense	<u>135,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,513</u>
Total expenses	<u>\$ 1,805,150</u>	<u>\$ 38,297</u>	<u>\$ 352,950</u>	<u>\$ 276,159</u>	<u>\$ 2,472,556</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

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

Cash flows from operating activities:	
Change in net assets without donor restrictions	\$ 206,479
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	135,513
Decrease in operating assets:	
Grants receivable	(197,177)
Prepaid expenses	(14,440)
Increase (decrease) in operating liabilities:	
Accounts payable	97,607
Accrued salaries and related benefits	<u>(3,266)</u>
Net cash provided by operating activities	<u>224,716</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(137,142)</u>
Cash flows from financing activities:	
Payments on long term debt	<u>(106,485)</u>
Net change in cash	(18,911)
Cash and cash equivalents, beginning	<u>48,209</u>
Cash and cash equivalents, ending	<u>\$ 29,298</u>
Supplemental data:	
Interest paid	<u>\$ 49,039</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Avoyelles Child Developmental Services, Inc. (Organization) is a non-profit organization, which was organized in July 2012, and shall continue in existence for a period of 99 years from that date unless dissolved earlier. The Organization receives grants from federal and state governments to provide early childhood development programs for disadvantaged pre-school children in Avoyelles Parish.

B. Financial Statement Presentation

Avoyelles Child Development Services, Inc. reports information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

The financial statements of Avoyelles Child Development Services, Inc., have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

C. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items. The prepaid items that existed at December 31, 2022 were prepaid insurance expenses.

D. Fixed Assets and Depreciation

The Organization's capitalization policy is \$1,000 with purchased property and equipment recorded at acquisition cost and donated assets recorded at estimated fair market value. Donations of property and equipment are recorded as contributions at the estimated fair value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets in accordance with each program's grant guidelines. The range of estimated useful lives is as follows:

Buildings and improvements	40 years
Furniture and equipment	5-7 years
Vehicles	7 years

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

E. Net Assets

The net assets of the Organization and changes wherein are classified and reported as follows:

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some restrictions may be temporary in nature and satisfied by actions of the Organizations board or management or by the passage of time.

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed or grantor-imposed restrictions which may be used for any purpose of the Board or management in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s Board or management.

F. Revenue and Expense Recognition

The Organization recognizes revenues on the accrual basis of accounting. Program reimbursements and grants are recorded as revenue when earned. Substantially all other revenues are recorded when received. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

G. Functional Allocation of Expenses

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

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and is not classified by the Internal Revenue Service (IRS) as a private foundation. Accounting principles generally accepted in the United States of America require the Organization’s management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

I. Compensated Absences

Vacation, annual and sick leave are recorded as an expense in the period in which it is paid. Vacation leave is granted only to employees in twelve-month positions. Vacation leave is accumulated from 5 or 10 days annually, based on years of service. The maximum amount of vacation leave that can be carried forward from one year to the next is equivalent to the leave earned during that year. Upon termination, an employee is paid for unused vacation leave. Annual leave is available to all other employees and is accrued at 4 hours per month. Annual leave must be used during the year earned. Employees terminated prior to the end of a fiscal year are paid for any unused annual leave. Employees accumulate 12 days of sick leave per year with a maximum accumulation of 240 hours; however, sick leave does not vest and is not paid upon termination. The amount of accumulated vacation and annual leave at year end was considered immaterial for accrual in the financial statements.

J. Statement of Cash Flows

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

K. Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$2,667 for the year ended December 31, 2022.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Grants Receivable

Grants receivable totaling \$220,440 consisted of \$207,697 due from the U.S. Department of Health and Human Services for expenses incurred under the Head Start Program, and \$12,743 due from the Louisiana Department of Education for expenses incurred under the Child and Adult Care Food Services Program during the year ending December 31, 2022.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(3) Concentration of Credit Risk

The Organization maintains cash account balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization's cash balances were fully secured and therefore, not exposed to custodial credit risk.

(4) Property and Equipment

Property and equipment consisted of the following at December 31, 2022:

Land	\$ 129,650
Buildings and improvements	2,597,188
Furniture and equipment	228,830
Vehicles	541,987
Accumulated depreciation	<u>(1,096,571)</u>
Property and equipment, net	<u>\$ 2,401,084</u>

Federal awarding agencies that provide funding for the purchase of property and equipment are entitled to an interest in those assets at the time of disposition. The Organization must request disposition instructions from the federal awarding agency prior to disposing of any assets acquired with federal funds with a per unit value of \$5,000 or more at the time of disposition. Depreciation expenses charged to the operations of the Head Start Program amounted to \$135,513 for the year ended December 31, 2022.

(5) Notes Payable

\$307,711 Mother Goose Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$307,711. The loan is secured by land and a building known as Mother Goose Head Start Center located in Hessmer, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$307,7011 at an interest rate of 7.50% per year maturing in September 2039. At December 31, 2022, the Organization had an outstanding balance of \$256,949.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

\$346,902 Mother Hubbard Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$346,902. The loan is secured by land and a building known as Mother Hubbard Head Start Center located in Simmesport, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$346,902 at an interest rate of 7.50% per year maturing in November 2038. At December 31, 2022, the Organization had an outstanding balance of \$285,490.

\$209,304 Humpty Dumpty Loan

On July 23, 2014, the board authorized the incurrence of indebtedness in the principal amount of \$209,304. The loan is secured by land and a building known as Humpty Dumpty Head Start Center located in Moreauville, Louisiana. On July 23, 2014, the Board of Directors entered into a security agreement with First Guaranty Bank to borrow \$209,304 at an interest rate of 7.50% per year maturing in April 2041. At December 31, 2022, the Organization had an outstanding balance of \$179,064.

Scheduled maturities of long-term debt as of December 31, 2022 are as follows:

Year ending December 31,	Principle payments	Interest payments	Total
2023	\$ 23,195	\$ 53,326	\$ 76,521
2024	25,000	51,524	76,524
2025	26,939	49,584	76,523
2026	29,030	47,494	76,524
2027	31,285	45,239	76,524
2028 and thereafter	<u>586,054</u>	<u>290,536</u>	<u>876,590</u>
Total	<u>\$ 721,503</u>	<u>\$ 537,703</u>	<u>\$ 1,259,206</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(6) Operating Leases

In previous years the organization renewed an operating lease for copiers with a lease term of 60 months. Future minimum lease payments due under the lease agreement are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 7,219
2024	7,219
	<u><u>\$ 14,438</u></u>

Lease expenses amounted to \$7,219 for the year ended December 31, 2022.

(7) Contributed Services

The organization adopted FASB Accounting Standards Update No. 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* during the year ending December 31, 2022. ASU No. 2020-07 was issued to improve generally accepted accounting principles by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

Contributed services of \$16,592 recognized in the statement of activities are comprised of professional services provided by educational specialists through the local school district. These services are provided for the benefit of the Head Start Program and are valued and reported at an estimated fair value based on current rates for similar educational services. The organization's Head Start Program also received services from nonprofessional volunteers throughout the year which are not recorded in the statement of activities and are valued at \$439,330 for grant reporting purposes only.

(8) Concentrations

The Organization receives a substantial amount of its support from the U.S. Department of Health and Human Services – Head Start Program. A significant reduction in the level of this support or suspension in funding may have a substantial impact on the continuing operations of the Organization.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(9) Retirement

Employees of the Organization also have the option of participating in a defined contribution salary deferral plan. The plan is established in accordance with Section 403(B) of the Internal Revenue Code. Under the plan, the Organization contributes a discretionary matching contribution equal to a percentage of the amount of the salary reduction elected by the employee, up to 5% of compensation. The employee may elect a salary reduction up to the maximum annual allowable amount established by applicable Internal Revenue Code Sections. During the year ended December 31, 2022, the Organization's contributions to the plan totaled \$32,619.

(10) Liquidity and Availability of Resources

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 29,298
Grants Receivable	220,440
Prepaid Expense	<u>52,070</u>
Total current assets	<u>\$ 301,808</u>

As part of the Organization'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.

(11) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Avoyelles Child Development Services, Inc. receive no compensation and are reimbursed only for expenses incurred relating to Avoyelles Child Development Services, Inc.'s business, which must have appropriate supporting documentation.

(12) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Lynn Normand, Executive Director, for the year ended December 31, 2022 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,218
Benefits - payroll taxes	5,831
Benefits - retirement	<u>3,811</u>
Total	<u>\$ 85,860</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Notes to Financial Statements

(13) Litigation and Claims

There was no pending litigation against the Organization at December 31, 2022

(14) Subsequent Events

The Organization has evaluated subsequent events through June 27, 2023, the date which the financial statements were available to be issued.

(15) Commitments and Contingencies

The Organization's major source of revenue is grants received from federal and state governmental entities. The use of these funds is restricted to the purpose set forth in the individual grant agreements and is subject to review and audit by grantor agencies. These reviews could result in a request for reimbursement by the grantor for expenditures disallowed under the terms and conditions of the agency.

Any disallowed claims, including amounts already collected, may constitute a liability. However, liability for findings and questioned costs is not established until final disposition of such claims by the grantor agency. While the amount, if any, of expenditures that may be disallowed cannot be determined at this time, it is the opinion of Organization's management, such disallowances, if any, will not be significant.

SUPPLEMENTAL INFORMATION

INDIVIDUAL PROGRAMS/FUNDS

Head Start Program

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services which provides educational, psychological, nutritional, medical, dental and social services to needy pre-school children in the area.

To account for the receipt and expenditure of funds received from the U.S. Department of Health & Human Services as provided by the American Rescue Plan Act to respond to the challenges presented by the COVID-19 pandemic.

Food Services Program

To account for receipt and expenditure of federal grant funds passed through the Louisiana Department of Education for meals for needy children at Head Start locations.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Combining Statement of Financial Position
December 31, 2022

	<u>Head Start Program</u>	<u>Food Services Program</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash	\$ 27,011	\$ 2,287	\$ 29,298
Grants receivable	207,697	12,743	220,440
Prepaid expenses	<u>52,070</u>	<u>-</u>	<u>52,070</u>
Total current assets	286,778	15,030	301,808
Property and equipment, net	<u>2,401,084</u>	<u>-</u>	<u>2,401,084</u>
Total assets	<u>\$ 2,687,862</u>	<u>\$ 15,030</u>	<u>\$ 2,702,892</u>
LIABILITIES AND NET ASSETS			
Liabilities -			
Current liabilities:			
Accounts payable	\$ 124,015	\$ -	\$ 124,015
Accrued salaries and related benefits	22,487	2,287	24,774
Notes payable	<u>23,195</u>	<u>-</u>	<u>23,195</u>
Total current liabilities	169,697	2,287	171,984
Long-term liabilities:			
Notes payable	<u>698,308</u>	<u>-</u>	<u>698,308</u>
Total liabilities	868,005	2,287	870,292
Net assets:			
Without donor restrictions	<u>1,819,857</u>	<u>12,743</u>	<u>1,832,600</u>
Total liabilities and net assets	<u>\$ 2,687,862</u>	<u>\$ 15,030</u>	<u>\$ 2,702,892</u>

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Schedule of Grant Revenue
Year Ended December 31, 2022

Food Services Program	\$ 147,739
Head Start Program	2,300,143
Head Start Program- COVID-19	27,695
Head Start Program- ARPA	<u>153,660</u>
	<u>\$ 2,629,237</u>

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

Mrs. Lynn Normand, Executive Director
and Members of the Board of Directors
Avoyelles Child Development Services, Inc.
Moreauville, 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 Avoyelles Child Development Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avoyelles Child Development Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing the 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 Avoyelles Child Development Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Avoyelles Child Development Services, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 27, 2023

KOLDER, SLAVEN & COMPANY, LLC

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

Mrs. Lynn Normand, Executive Director,
and Members of the Board of Directors
Avoyelles Child Development Services, Inc.
Moreauville, Louisiana

Report on Compliance for the Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Avoyelles Child Development Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Avoyelles Child Development Services, Inc.'s major federal program for the year ended December 31, 2022. Avoyelles Child Development Services, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over*

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 27, 2023

AVOYELLES CHILD DEVELOPMENT SERVICES, INC
Moreauville, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed through Louisiana Dept. of Education -			
Child and Adult Care Food Program	10.558	-	<u>\$ 147,739</u>
U.S. Department of Health and Human Services:			
Head Start Program Cluster	93.600	06CH01128003	2,145,643
Head Start Program Cluster	93.600	06CH01128004	154,500
Head Start Program- American Rescue Plan Act 2021	93.600	06HE00122901C6	153,660
Head Start Program- COVID-19	93.600	06HE00122901C5	<u>27,695</u>
Total U.S. Department of Health and Human Services			<u>2,481,498</u>
Total federal expenditures			<u>\$ 2,629,237</u>

The accompanying notes are an integral part of this statement.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

(1) Basis of Presentation

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

(2) Relationship to Federal Financial Reports

A reconciliation of total expenditures of federal awards reported in the Schedule of Expenditures of Federal Awards to total expenses reported in the Statement of Functional Expenses follows:

Total expenses reported in the Statement of Functional Expenses	\$ 2,472,556
Add: Principle payments on notes	106,485
Purchase of assets	137,142
Change in prepaid insurance	14,440
Additional principal reduction payments	62,502
Change in accrued salaries and related benefits	(3,266)
Less: Accrual timing differences	(8,517)
In-kind contribution expenses	(16,592)
Depreciation	<u>(135,513)</u>
Total federal expenditures reported in the Schedule of Expenditures of Federal Awards	<u>\$ 2,629,237</u>

(3) Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes x No
Significant deficiencies identified? _____ Yes x None reported

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes x No
Significant deficiencies identified? _____ Yes x None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes x No

Major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start Program
93.600	Head Start Program – ARPA 2021
93.600	Head Start Program – COVID-19

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

Auditee qualified as low risk auditee. x Yes _____ No

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

AVOYELLES CHILD DEVELOPMENT SERVICES, INC.
Moreauville, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2022

Part I. Current Year Findings and Management's Corrective Action Plan:

A. Internal Control Over Compliance

None reported.

B. Compliance

None reported.

Part II: Prior Year Findings:

A. Internal Control Over Compliance

None reported.

B. Compliance

None reported.

**AVOYELLES CHILD
DEVELOPMENT SERVICES INC.**
Moreauville, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period January 1, 2022 through December 31, 2022

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mrs. Lynn Normand, Executive Director
And Members of the Board of Directors
And the Louisiana Legislative Auditor

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

Avoyelles Child Development Services, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its 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 are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
- i) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and

purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- iii) **Disbursements**, including processing, reviewing, and approving.
- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- viii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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 document is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the procedures and discussed the results with management.

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

2) *Board or Finance Committee*

- A. Obtained and inspected 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) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii) For governmental entities, we obtained the prior year audit report and observed 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, we observed 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.
 - 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.

3) *Bank Reconciliations*

- A. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
- i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - 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.

4) Collections (excluding electronic funds transfers)

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

- iv) Observed 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).
- v) Traced the actual deposit per the bank statement to the general ledger.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
 - i) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii) At least two employees are involved in processing and approving payments to vendors.
 - iii) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - 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.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - i) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- i) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtained 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 selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- i) If reimbursed using a per diem, observed the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii) Observed 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.)
- iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii) If the contract was amended (e.g. change order), observed 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, was approval documented).
 - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
- i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained 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 selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulative leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtained 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.

10) Debt Service

- E. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
- F. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

11) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

12) Information Technology Disaster Recovery/ Business Continuity

- A. Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**
 - i) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.
 - ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.

We performed the procedures and discussed the results with management.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

Avoyelles Child Development Services, Inc. does not have written policies and procedures addressing legal review of contracts.

Management's Response:

The management of Avoyelles Child Development Services, Inc. concurs with the exception and are working to address the deficiency identified.

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

We are required to be independent of Avoyelles Child Development Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
June 27, 2023