

**Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana
June 30, 2022**

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Independent Auditor's Report

Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Marketing Education Retail Alliance, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Marketing Education Retail Alliance, 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Marketing Education Retail Alliance, 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 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 Marketing Education Retail Alliance, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marketing Education Retail Alliance, 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 schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by the Louisiana Legislative Auditor, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 October 18, 2022, on our consideration of Marketing Education Retail Alliance, 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 Marketing Education Retail Alliance, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marketing Education Retail Alliance, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, LLP.

October 18, 2022

Marketing Education Retail Alliance, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 508	\$ 27
Total assets	\$ 508	\$ 27
Liabilities		
Accounts payable	\$ 508	\$ 27
Total liabilities	508	27
Net Assets, Without Donor Restrictions	-	-
Total liabilities and net assets	\$ 508	\$ 27

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

Marketing Education Retail Alliance, Inc.
Statements of Activities
Years Ended June 30, 2022 and 2021

	Without Donor Restrictions	
	2022	2021
Revenue and Other Support		
State grant	\$ 675,160	\$ 675,252
Total revenue and other support	675,160	675,252
Expenses		
Program services	597,924	596,660
General and administrative expenses	77,236	78,592
Total expenses	675,160	675,252
Change in Net Assets	-	-
Net Assets, beginning of year	-	-
Net Assets, end of year	\$ -	\$ -

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

Marketing Education Retail Alliance, Inc.
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Administrative Expenses						
Contract services	\$ 81,435	\$ 37,365	\$ 118,800	\$ 81,940	\$ 37,385	\$ 119,325
Equipment rental	6,855	3,145	10,000	7,883	3,617	11,500
Rent	6,169	2,831	9,000	6,855	3,145	10,000
Telephone	3,427	1,573	5,000	3,966	1,809	5,775
Office supplies	3,427	1,573	5,000	4,113	1,887	6,000
Marketing/Outreach to schools	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total administrative expenses	<u>103,813</u>	<u>46,487</u>	<u>150,300</u>	<u>107,257</u>	<u>47,843</u>	<u>155,100</u>
Operating Expenses						
Accounting/bookkeeping	-	24,000	24,000	-	24,000	24,000
Professional services	-	6,749	6,749	-	6,749	6,749
Education consultant	<u>19,000</u>	<u>-</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>	<u>19,000</u>
Total operating expenses	<u>19,000</u>	<u>30,749</u>	<u>49,749</u>	<u>19,000</u>	<u>30,749</u>	<u>49,749</u>
Travel	<u>610</u>	<u>-</u>	<u>610</u>	<u>703</u>	<u>-</u>	<u>703</u>
Marketing Education Grants	<u>474,501</u>	<u>-</u>	<u>474,501</u>	<u>469,700</u>	<u>-</u>	<u>469,700</u>
Total expenses	<u>\$ 597,924</u>	<u>\$ 77,236</u>	<u>\$ 675,160</u>	<u>\$ 596,660</u>	<u>\$ 78,592</u>	<u>\$ 675,252</u>

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

Marketing Education Retail Alliance, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ -	\$ -
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Increase in liabilities:		
Accounts payable	481	3
Net cash provided by operating activities	481	3
Net Increase in Cash	481	3
Cash, beginning of year	27	24
Cash, end of year	\$ 508	\$ 27

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

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2022

Note 1-Nature of Operations

Marketing Education Retail Alliance, Inc. (MERA) is a not-for-profit organization formed to enhance the current marketing education, entrepreneurship and workforce development programs in Louisiana by providing learning opportunities, workforce training, and certification programs for Louisiana high school students, which will in turn produce a more knowledgeable workforce for Louisiana. MERA's revenue is derived from a cooperative endeavor agreement with the Louisiana Department of Economic Development, a Louisiana Public Corporation, to channel funds directly to the classroom through a grant process, for worthy, creative, and innovative opportunities to assist students in achieving their full potential. MERA works with local and national merchants and businesses through the Louisiana Retailers Association (LRA) to ensure the best preparation of our future leaders.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

Net assets without donor restrictions: net assets not subject to donor stipulations.

Net assets with donor restrictions: net assets subject to donor stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of MERA or the passage of time; or b) require that they be maintained in perpetuity by MERA; generally, the donor of these assets permit MERA to use all or part of the income earned.

At June 30, 2022 and 2021, MERA had no net assets with donor restrictions.

B. Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. MERA has not yet implemented this ASU and is in the process of assessing the effect on MERA's financial statements.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates that were used.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, MERA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2022 and 2021.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2022

Note 2-Summary of Significant Accounting Policies (Continued)

E. Grants

MERA receives grant funding from Louisiana Department of Economic Development to provide a variety of programs to Louisiana high schools based on specific requirements included in the agreement. The grant is a nonreciprocal transaction and includes conditions stipulated by the entity and is, therefore, accounted for as a conditional contribution. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received from the grant prior to incurring allowable expenses is recorded as deferred revenue.

F. Functional Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are allocated to program and supporting services on the basis of periodic time and expenses studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and operation of MERA.

G. Income Taxes

MERA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If MERA were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

H. Liquidity Management

As of June 30, 2022, the financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures include cash, totaling \$508. As part of its liquidity management, MERA has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2022

Note 3-Related Party

MERA is related to LRA through common governance. LRA provides administrative and operating support for program services to MERA, through a contract renewed annually contingent upon MERA receiving the state grant. The total amount paid for these services for the years ended June 30, are as follows:

	<u>2022</u>	<u>2021</u>
Contract services	\$ 118,800	\$ 119,325
Equipment Rental	10,000	11,500
Rent	9,000	10,000
Telephone	5,000	5,775
Office supplies	5,000	6,000
Marketing/ Outreach to schools	2,500	2,500
Additional AUP costs	<u>2,460</u>	<u>2,460</u>
	<u>\$ 152,760</u>	<u>\$ 157,560</u>

Note 4-Contingencies

MERA participates in a state grant program, which is governed by various rules and regulations. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that MERA has not complied with the rules and regulations governing the grant, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and MERA.

Note 5-Economic Dependency

MERA receives all of its revenue from a grant administered by the State of Louisiana. The grant amount is appropriated each year by the state government. If significant budget cuts are made at the federal and/or state level, the amount of funds received by MERA could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grant and contracts the organization will receive in the next fiscal year.

Note 6-Subsequent Events

MERA evaluated all subsequent events through October 18, 2022, the date the financial statements were available to be issued. As a result, MERA noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Marketing Education Retail Alliance, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2022**

Agency Head Name: Jessica Elliott, Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits – insurance	0
Benefits – retirement	0
Benefits – cell phone	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0

No payments were made to the administrator from public funds.

**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***

Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Marketing Education Retail Alliance, 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 Marketing Education Retail Alliance, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of Marketing Education Retail Alliance, 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marketing Education Retail Alliance, 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.

October 18, 2022

Marketing Education Retail Alliance, Inc.
Schedule of Findings and Reponses
Year Ended June 30, 2022

Part I - Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Marketing Education Retail Alliance, Inc. as of and for the year ended June 30, 2022, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be a significant deficiency were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was not required.
- 5) A management letter was not issued.

Part II - Financial Statement Findings

No findings were noted.

**Marketing Education Retail Alliance, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2021.

**Marketing Education Retail Alliance, Inc.
Statewide Agreed-Upon Procedures Report
June 30, 2022**



**Independent Accountant's Report
on Applying Statewide Agreed-upon Procedures**

To the Board of Directors of Marketing Education Retail Alliance, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2021 through June 30, 2022. Marketing Education Retail Alliance, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Marketing Education Retail Alliance, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 01, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows. The procedures are stated first, followed by the results of the procedures presented in italics.

Written Policies and Procedures

1. 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:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine completeness of all collections for each type of revenue or agency fund additions.

No exceptions were found as a result of this procedure.

- e) **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.

The entity does not have any employees; therefore, this procedure is not applicable.

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

No exceptions were found as a result of this procedure.

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

The entity does not have any credit cards; therefore, this procedure is not applicable.

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

No exceptions were found as a result of this procedure.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The entity does not have any employees; therefore, this procedure is not applicable.

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

Debt service policies and procedures are not applicable to this entity.

- k) **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.

No exceptions were found as a result of this procedure.

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

Louisiana R.S. 42:342-344 is not applicable to this entity.

Board or Finance Committee

2. 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:
 - a) 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.

No exceptions were found as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes references 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.

No exceptions were found as a result of this procedure.

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

The entity does not report on the governmental accounting model; therefore, this procedure is not applicable.

Bank Reconciliations

3. Obtained a listing of Entity 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 four 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 each selected account, and observed that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

No exceptions were found as a result of this procedure.

- b) 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; and

No exceptions were found as a result of this procedure.

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

This procedure is not applicable.

Collections (excluding electronic funds transfers)

4. 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).

No exceptions were found as a result of this procedure.

5. 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, obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exceptions were found as a result of this procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

No exceptions were found as a result of this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were found as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

6. 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.

No exceptions were found as a result of this procedure

7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtained supporting documentation for each of the deposits, and:

- a) Observed that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- c) Traced the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- d) Observed 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).

No exceptions were found as a result of this procedure.

- e) Traced the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

- 8. 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).

No exceptions were found as a result of this procedure.

- 9. For each location selected under #8 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 and observed that job duties were properly segregated such that:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

- b) Observed whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

No exceptions were found as a result of this procedure.

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

These procedures are not applicable to the entity.

- 11. 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 was complete.
- 12. 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, obtained supporting documentation, and:
 - a) Observed whether there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing (or electronically approved), by someone other than the authorized cardholder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
- 13. Used the monthly statements or combined statements selected under #12 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. For each transaction, observed it was supported by (1) an original itemized receipt that identified 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).

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

- 14. 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 was 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:
 - a) If reimbursed using a per diem, observed the approved reimbursement rate was no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

The entity does not reimburse using a per diem; therefore, the procedure is not applicable.
 - b) If reimbursed using actual costs, observed the reimbursement was supported by an original itemized receipt that identified precisely what was purchased.

No exceptions were found as a result of this procedure.
 - c) Observed each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy (procedure #1h).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Contracts

- 15. 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. Obtained management's representation that the listing was complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, and:

- a) Observed whether the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

No exceptions were found as a result of this procedure.

- b) Observed whether the contract was approved by the governing body/board, if required by policy or law.

No exceptions were found as a result of this procedure.

- c) If the contract was amended, observed the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Payroll and Personnel

These procedures are not applicable to the entity.

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

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

- a) Observed all selected employees or officials documented their daily attendance and leave.

- b) Observed whether supervisors approved the attendance and leave of the selected employees or officials.

- c) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- d) Observed the rate paid to the employees or officials agreed to the authorized salary/pay rate found within the personnel file.

18. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list was 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 agreed the termination payment to entity policy.
19. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

These procedures are not applicable to the entity.

20. Used the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained ethics documentation from management, and:
 - a) Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observed whether the entity maintained documentation which demonstrated each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Debt Service

These procedures are not applicable to the entity.

21. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing was complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing was 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.

Fraud Notice

23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing was 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.

No exceptions were found as a result of this procedure.

24. 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.

No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Performed the following procedures:

- a) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired 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, observed evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) 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.

We performed the procedure and discussed the results with management.

- c) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing was 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 procedure and discussed the results with management.

Sexual Harassment

These procedures are not applicable to the entity.

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year.

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

28. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it included the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

We were engaged by Marketing Education Retail Alliance, 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 Marketing Education Retail Alliance, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement 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.

Hawthorne, Waymouth & Carroll, LLP.

November 10, 2022