

**ADAPT, INC.**

**Bogalusa, Louisiana**

**Financial Statements  
For the Year Ended  
December 31, 2021**

**MINDA B. RAYBOURN**

*Certified Public Accountant*

**820 11<sup>TH</sup> AVENUE  
FRANKLINTON, LOUISIANA 70438**

**Adapt, Inc.**  
Bogalusa, Louisiana

Financial Statements  
As of and for the Year Ended  
December 31, 2021  
With Supplemental Information Schedule

C O N T E N T S

Independent' Auditor's Report	3
FINANCIAL STATEMENTS	
Statement of Financial Position	6
Statement of Activities	7
Statement of Functional Expenses	8
Statement of Cash Flows	9
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards	16
Schedule of Board Members	18
Schedule of Compensation, Benefits, and Other Payments to Agency Head	19
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 <i>Government Auditing Standards</i>	20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Summary of Findings and Questioned Costs	25
Current Year Findings and Questioned Costs	26
Summary of Prior Year Findings and Responses	27
Corrective Action Plan	29

**Minda B. Raybourn**  
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Member  
AICPA

Member  
LCPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Adapt, Inc.  
Bogalusa, LA

**Report on the Audit of the Financial Statements**

***Opinions***

I have audited the financial statements of the financial statements Adapt Inc., which comprise the statement of financial position as of December 31, 2021, 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 my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Adapt, Inc. as of December 31, 2021, and the respective changes in its 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 Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Adapt, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. 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 GAAS 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 GAAS and *Government Auditing Standards*, I:

- 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 Adapt, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Adapt, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

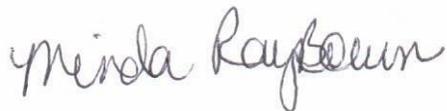
### **Other Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of board members and schedule of compensation, benefits, and other payments paid to the agency head 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my reported dated July 31, 2022 on my consideration of Adapt, Inc.'s internal control over financial reporting and on my tests of its compliance with certain laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing, and not provide an opinion on 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 Adapt Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA

Franklinton, LA  
July 31, 2022

**ADAPT, INC.**

## Statement of Financial Position

As of December 31, 2021

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**ASSETS**

## Current assets:

Cash and cash equivalents	\$	251,212
Grant receivables		178,225
Property and equipment, net		<u>219,529</u>

**Total Assets** 648,966

**LIABILITIES AND NET ASSETS**

## Current liabilities:

Payroll tax liabilities		<u>5,104</u>
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**Total Liabilities** 5,104

## Net Assets:

With donor restrictions		178,225
Without donor restrictions		<u>465,637</u>

**Total Net Assets** 643,862

**Total Liabilities and Net Assets** \$ 648,966

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

**ADAPT, INC.**

## Statement of Activities

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
REVENUES AND OTHER SUPPORT			
Public Support			
Grants			
Victim's Assistance Program	\$ -	\$ 334,822	\$ 334,822
Project YOU	-	299,218	299,218
Sexual assault program	-	68,054	68,054
Rape Prevention	-	57,418	57,418
Drug Free Communities	-	132,057	132,057
Heart Ahead Heart Smart	-	22,500	22,500
Addictive disorder/Life Skills Training/Substance Abuse	-	210,809	210,809
In-Kind Donations	68,484	-	68,484
United Way proceeds	30,418	-	30,418
Donations	16,379	-	16,379
Service and fee Revenue			
Drug screening fees	12,077	-	12,077
Counseling fees	10,532	-	10,532
Rent	14,400	-	14,400
Other Revenue	-	-	-
Net assets released from restrictions	1,124,878	(1,124,878)	-
	<u>1,277,168</u>	<u>-</u>	<u>1,277,168</u>
Total revenues and other support			
EXPENSES			
Program services	1,181,529	-	1,181,529
Supporting services:			
Management and general	84,877	-	84,877
Fundraising	-	-	-
Total support services	84,877	-	84,877
Total expenses	1,266,406	-	1,266,406
Change in net assets from operations	10,762	-	10,762
Nonoperating activities			
Interest Income	263	-	263
Total nonoperating activities	263	-	263
Change in net assets	11,025	-	11,025
Net assets, beginning of year	632,837	-	632,837
Net assets, end of year	<u>\$ 643,862</u>	<u>\$ -</u>	<u>\$ 643,862</u>

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

**ADAPT, INC.**

## Statement of Functional Expenses

For the year ended December 31, 2021

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	Program Services	Management & General	Total
Salaries & Payroll Taxes	534,654	37,108	571,762
Payroll Taxes	40,901	16,470	57,371
Advertising	68,481		68,481
Professional Services	3,042		3,042
Consultants	154,143		154,143
Counseling Fees	6,226		6,226
Counselors (In Kind)	68,484		68,484
Crisis Line/Escort	13,400		13,400
Depreciation	-	5,445	5,445
Drug Screening	4,550	-	4,550
Dues/ & Subscriptions	9,543	-	9,543
Insurance	10,193	9,390	19,583
Health Ahead Heart Smart	11,977	-	11,977
Equipment	34,425	-	34,425
License Fees	920	-	920
Maintenance of Property	8,480	4,242	12,722
Meetings	1,775	-	1,775
Other	3,749	1,788	5,537
Rent	14,750	-	14,750
Software	3,664	-	3,664
Supplies	107,118	7,571	114,689
Registrations	2,660	-	2,660
Telephone	22,125	-	22,125
Trainings	1,299	-	1,299
Travel	36,440	-	36,440
Utilities	9,339	-	9,339
Property Taxes	-	2,863	2,863
Wellness	9,190	-	9,190
Total	1,181,529	84,877	1,266,406

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The accompanying notes are an integral part of these financial statements

**ADAPT, INC.**

## Statement of Cash Flows

For the year ended December 31, 2021

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**Cash Flows From Operating Activities**

Change in Net Assets	\$	11,025
Adjustments to Reconcile Operating Income to Net Cash		
Flows From Operating Activities:		
Depreciation		5,445
Increase in Grants Receivable		(5,000)
Decrease in Accounts Payable		-
Increase in Payroll Tax Payable		5,075
		<hr/>
Net Cash Flows From Operating Activities		16,545 <hr/>

**Cash Flows from Investing Activities**

Purchase of fixed assets		-
		<hr/>
Net Cash Used in Investing Activities		- <hr/>

**Cash Flows from Financing Activities**

Payments of note payable		-
		<hr/>
Net Cash Flows from Financing Activities		- <hr/>

<b>Net Change in Cash and Cash Equivalents</b>		16,545
<b>Cash and Cash Equivalents - Beginning of Year</b>		<hr/> 234,667
<b>Cash and Cash Equivalents - End of Year</b>		<hr/> <hr/> \$ 251,212

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

## **NOTES TO THE FINANCIAL STATEMENTS**

ADAPT, INC  
Notes to the Financial Statements  
DECEMBER 31, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Corporation and Nature of Activities**

**Adapt, Inc.** (the “Organization”) is a Louisiana non-profit corporation formed on July 22, 1994. The Organization’s purpose is to provide education and out-patient therapy and assessments in the area of substance abuse; to provide education, out-patient therapy and assessments to victims of sexual assault; to provide general mental health and social services through collaboration, coordination, education, assessment, and intervention, and to enter into any lawful business activity which corporations organized under Revised Statute 12:201 et seq. engage, either for its own account or on behalf of others as an agent.

**Basis of Presentation**

The financial statements are prepared on the accrual basis of accounting based on accounting principles generally accepted in the United States. Under these standards, the Organization is required to report its financial position and activities in two classes. The classes of net assets are as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Revenue Recognition**

Contributions received are recorded as increases in net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ADAPT, INC  
Notes to the Financial Statements  
DECEMBER 31, 2021

The Organization receives the majority of its funding through federal grants or federal grants which are passed through local state agencies. Revenue from grants is recognized at the time that the underlying expenses which are reimbursable according to the terms of the grant are incurred.

The Organization also provides services on a fee for service basis. Revenue from such services is recognized at the time the services are provided to the client.

### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all short-term debt securities with maturity of three months or less to be cash equivalents.

### **Grant Receivables**

Grant receivables represent amounts due for reimbursement of expenses which had been incurred by the Organization as of December 31, 2021, which were reimbursable under federal grants, and which had not been reimbursed to the Organization as of December 31, 2021.

### **Property and Equipment**

Purchases of land, buildings, and other property having a unit cost per established guidelines and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Interest expense incurred during a period of construction, less related interest income earned on proceeds of tax-exempt borrowings, is capitalized. Property under capital leases is amortized over the lease term. Any gain or loss on sale of land, buildings and other property is reported as other revenues on the statement of activities. The Program maintains a threshold level of \$5,000 or more for capitalization of property and equipment and depreciates all capitalized assets, other than land over the following estimated useful lives: buildings, thirty-nine years and computers, office furniture and equipment, five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

### **In-Kind Donations**

The Organization received professional services and other services of \$64,484 for the year ended December 31, 2021. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind on the accompanying statements of activities and functional expenses.

### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on the grant's activities.

ADAPT, INC  
Notes to the Financial Statements  
DECEMBER 31, 2021

**Advertising**

The Organization uses advertising to promote its programs among the clients it serves. The production costs of advertising are expensed as incurred. During 2021, advertising expense totaled \$64,841.

**Income Taxes**

The Organization is a not-for-profit corporation that is exempt from both federal and Louisiana income taxes under Section 501(c)(3) of the Internal Revenue Code and R.S. 12:201 of Louisiana Statutes. Accordingly, the Organization has not provided any provision for income taxes in the financial statements.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statement date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of December 31, 2021:

Financial assets at year end:	2021
Cash and cash equivalents	\$ 251,212
Grant receivable	178,225
Total financial assets	<u>429,437</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>178,225</u>
	<u>178,225</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 251,212</u>

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses.

**NOTE 3: CASH AND CASH EQUIVALENTS**

The Organization's cash equivalents at December 31, 2021 were comprised of demand deposits in the amount of \$251,212. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must all time equal the amount on deposit with the fiscal agent. At December 31, 2021 the Organization has \$272,129 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance up to \$250,000. It is management's opinion that the banking institution is solid financially and insolvency is not of concern.

ADAPT, INC  
Notes to the Financial Statements  
DECEMBER 31, 2021

**NOTE 4: GRANTS RECEIVABLE**

The Organization's receivables consist of reimbursements due for federal grant expenditures. Amounts due as of December 31, 2021 were as follows:

Sexual Assault Services	\$	29,639
Rape Prevention		18,608
Florida Parishes Human Service Authority		40,048
Sexual Assault Program		6,615
Victim's Assistance Program		83,315
	<u>\$</u>	<u>178,225</u>

**NOTE 5: FIXED ASSETS**

The cost and accumulated depreciation of the assets are listed below:

Land	\$	23,500
Building		212,365
Less: Accumulated Depreciation		<u>(16,336)</u>
Property, Plant, and Equipment, Net	<u>\$</u>	<u>219,529</u>

**NOTE 6: CONCENTRATION OF REVENUE**

The Organization had the following concentration of operating revenue sources for the fiscal year ending December 31, 2021:

ADAPT, INC  
Notes to the Financial Statements  
DECEMBER 31, 2021

Public Support		
Grants		
Victim's Assistance Program	\$ 334,822	26%
Project YOU	299,218	23%
Sexual assault program	68,054	5%
Rape Prevention	57,418	4%
Drug Free Communities	132,057	10%
Heart Ahead Heart Smart	22,500	2%
Addictive disorder/Life Skills Training	210,809	17%
In-Kind Donations	68,484	5%
United Way proceeds	30,418	2%
Donations	16,379	1%
Service and fee Revenue		
Drug screening fees	12,077	1%
Counseling fees	10,532	1%
Rent	14,400	1%
 Total Revenues	 <u>\$ 1,277,168</u>	 <u>100%</u>

**NOTE 7: SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through July 31, 2022, the date the financial statements were available for issuance and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2021.

**ADAPT, INC.**  
Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/Program	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
US Department of Justice			
Enforcement			
Victim Assistance 5	16.575	2019-VA-01/02/03-5885	\$ 175,500
Victim Assistance 5	16.575	2018-VA-01/02/03/04-5158	155,706
Violence Against Women Formula Grants	16.588	2020-WF-03-5883	13,679
Sexual Assault Services Program	16.017	2020-KF-01-5881	46,527
Total US Department of Justice			391,412
Department of Health and Human Services			
Florida Parishes Human Services Authority			
Block Grants for Prevention and Treatment of Substance Abuse			
Life Skills Training/Kid's Don't Gamble Wanna Bet/Generation RX	93.959	2000618558	73,342
Kids Don't Gamble Wanna Bet?		2000531350	44,987
Life Skills Training		2000531351	77,792
Department of Health and Human Services			
Substance Abuse and Mental Health Services			
Project YOU Youth Opioid Use and Underaged Drinking	93.243	1H79SPO81593	286,752
Department of Health and Human Services			
Drug-Free Communities Support			
WPCHS Drug Free Communities	93.276	1-NH28CE002806-001	108,073
WPCHS Drug Free Communities		5-NH28CE002806-008	19,827
Total Department of Health and Human Services			610,773
Total expenditures of federal awards			\$ 1,002,185
<b>Federal Expenditures Summarized by CFDA Number</b>			
Victim's Assistance	16.575		\$ 331,206
Violence Against Women Formula Grants	16.588		13,679
Sexual Assault Services Program	16.017		46,527
Block Grants for Prevention and Treatment of Substance Abuse	93.959		196,121
Substance Abuse and Mental Health Services	93.243		286,752
Drug-Free Communities Support Program	93.276		127,900
			\$ 1,002,185

See independent auditor's report.

**ADAPT, INC.**

Notes to Schedule of Expenditures of Federal Awards  
for the Year Ended December 31, 2021

*Note 1. Basis of Presentation*

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Adapt, Inc. under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Adapt, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Adapt, Inc.

*Note 2. Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

*Note 3. Indirect Cost Rate*

Adapt, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

*Note 4. Subrecipients*

Adapt, Inc. did not pass through awards to subrecipients.

See independent auditor's report.

**ADAPT, INC.**

Schedule of Board Members

For the year ended December 31, 2021

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	TERM
Effice Clayton, President 58428 Jake Talley Road Bogalusa, LA 70427 985-516-5355	1/1/2021-12/31/2021
Erin Killingworth, Vice President 11074 Don Bates Circle Bogalusa, La 70424 985-281-2232	1/1/2021-12/31/2021
Dana Dodds, Secretary 1318 Settlers Drive Bogalusa, La 70427 985-516-1223	1/1/2021-12/31/2021
Michelle Knight, Treasurer 64284 Foster Town Road Angie, La. 70426 985-516-4520	1/1/2021-12/31/2021
Allenda Pigott, Member 22485 Mitch Road Bogalusa, La. 70427 985-516-7335	1/1/2021-12/31/2021
Thomas R. Fornea, Chief Executive Officer 53474 Hwy 736 Angie, La. 70426 985-516-7016	1/1/2021-12/31/2021

Board Members are re-elected each year and receive no compensation.

See independent auditor's report.

**ADAPT, INC.**  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the year ended December 31, 2021

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Agency Head: Thomas R. Fornea, Director

Salary	\$	82,730
Benefits-Social Security and Medicare		6,329
Travel		<u>3,713</u>
Total	<u>\$</u>	<u>92,772</u>

See independent auditor's report.

**Minda B. Raybourn**  
**Certified Public Accountant**  
**Limited Liability Company**  
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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*

To the Board of Directors of  
Adapt, Inc.  
Bogalusa, LA

I 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 Adapt, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 my report thereon dated July 31, 2022.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Adapt, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Adapt, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Adapt, 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I 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.

### **Compliance and Other Matters**

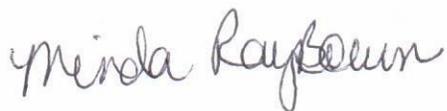
As part of obtaining reasonable assurance about whether Adapt, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

### **Adapt, Inc.'s Response to Findings**

Adapt, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Adapt, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Minda Raybourn, CPA

Franklinton, LA

July 31, 2022

**Minda B. Raybourn**  
**Certified Public Accountant**  
**Limited Liability Company**  
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Member  
AICPA

Member  
LCPA

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

To the Board of Directors of  
Adapt, Inc.  
Bogalusa, LA

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

I have audited Adapt 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 each of Adapt Inc.'s major federal programs for the year ended December 31, 2021. Adapt Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Adapt 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, 2021.

***Basis for Opinion on Each Major Federal Program***

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

I am required to be independent of Adapt Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. My audit does not provide a legal determination of Adapt 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 Adapt Inc.'s federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

My 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 Adapt 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Adapt 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, I:

- 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 Adapt 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 Adapt 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 Adapt Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

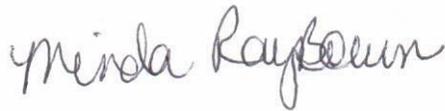
### ***Report on Internal Control over Compliance***

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.

My 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 my audit I 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.

My 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 my 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.

A handwritten signature in cursive script that reads "Minda Raybourn". The signature is written in dark ink on a light-colored background.

Minda Raybourn, CPA  
Franklinton, LA  
July 31, 2022

**Schedule of Findings and Questioned Costs**  
**Adapt, Inc.**  
**Bogalusa, LA**  
**For the year ended December 31, 2021**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Adapt, Inc. were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses or significant deficiencies was disclosed during the audit of the financial statements in the schedule of findings and questioned costs.
3. Two instances of noncompliance material to the financial statements of Adapt, Inc. were disclosed during the audit.
4. No material weaknesses or significant deficiencies were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal programs for Adapt, Inc. expresses an unmodified opinion on all major programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were the:
  - 16.575 Crime Victim's Assistance
  - 93.276 Drug Free Communities Support Program Grants
  - 93.959 Block grants for Prevention and Treatment of Substance Abuse
  - 93.243 Substance Abuse and Mental Health Services Projects
8. The threshold for the distinguishing Types A and B programs is as follows:
  - Type A- \$750,000 or more of federal awards expended
  - Type B- Any program that does not meet the threshold of Type A programs.
9. For the period ending December 31, 2021, Adapt, Inc. was determined not to be a low-risk auditee.

**Schedule of Current Year Findings and Questioned Costs  
Adapt, Inc.  
Bogalusa, LA  
For the year ended December 31, 2021**

**FINDINGS-FINANCIAL STATEMENT AUDIT**

**2021-001 Noncompliance with Statutory Due Date of Report**

**Criteria:** Local auditees must engage a CPA firm approved by Louisiana Legislative Auditors to perform its audit or other engagement no later than sixty days after its fiscal year end. The statutory due date is six months after the fiscal year end.

**Condition:** The audit report was submitted past the statutory due date.

**Cause of Condition:** The auditor's child had a medical emergency regarding a neurological disorder. The agency did not have the final accounting completed until later in 2022.

**Effect of Condition:** Noncompliance with state audit law.

**Recommendation:** The agency should have a policy in place to engage a CPA for the yearly engagement 30 days before the effective fiscal year end. The agency should have the accounting records ready two months after the fiscal year end for the annual engagement.

**Management Response:** We will engage the CPA for the engagement 30 days before the effective fiscal year end. We will have the accounting records ready two months after the fiscal year end for the annual engagement.

**2021-002 Noncompliance with State Law on Sexual Harassment**

**Criteria:** Per Louisiana R.S. 42:343, each public servant shall receive a minimum of one hour of education and training on preventing sexual harassment during each full calendar year of his or her public employment or term of office.

Per Louisiana R.S. 42:344, each agency head shall compile an annual report by February first of each year containing information from the previous calendar year regarding his or her agency's compliance with the applicable requirements of R.S. 42:344.

**Condition:** The agency's staff did not receive the one hour required training. The agency did not file the required sexual harassment report.

**Cause:** The agency did not ensure the training and report were completed.

**Effect Of Condition:** Noncompliance with state law.

**Recommendation:** The agency should put in place policies and procedures for agency responsibilities and prohibitions regarding sexual harassment, annual training, and annual reporting.

**Management Response:** The agency will implement the recommendation before the end of the current fiscal year.

**Schedule of Prior Year Findings and Questioned Costs  
Adapt, Inc.  
Bogalusa, LA  
For the year ended December 31, 2021**

**FINDINGS-FINANCIAL STATEMENT AUDIT**

**Significant Deficiency**

2020-001 Payroll

CONDITION: Per the organization's policies and procedures manual on personnel (under Section F, payments, reimbursements, and deductions, line 1), employees are paid on the 15th and the last working day of the month. For the pay period of December 16, 2020 through December 30, 2020, the payroll checks were dated December 18, 2020 and were paid before the end of the pay period. The payroll checks were distributed before the effective pay ending date of the 30th. Time sheets inspected showed work and duties logged on the days paid for the effected employees. The time sheets were signed by the employees and approved by the supervisor.

CRITERIA: Effective internal controls are designed and implemented to ensure payroll checks are distributed on the effective date of payroll and according to the organization's policies and procedures on payroll distribution.

CAUSE OF CONDITION: The payroll for the pay period ending December 30, 2020 was dated December 18, 2020 and paid to employees on that date.

POTENTIAL EFFECT OF CONDITION: Lack of internal controls over distribution of payroll checks will exposes the organization to several risks including misappropriation of assets, inaccurate or fraudulent financial reporting, and material misstatement on the organization's financial statements and records that will not be detected.

RECOMMENDATION: Adapt, Inc. should strengthen its internal controls by implementing policies and procedures over the distribution of payroll checks. The executive director will ensure that payroll checks are distributed on the effective payroll date.

CLIENT RESPONSE: Adapt, Inc. will implement the recommended procedure.

STATUS: Resolved.

**FINIDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

Finding 2020-002

Department of Justice Victim's Assistance Program CFDA No. 16.575 Grant No. 2018-V2-GX-0042  
Grant Period: 1/1/2020-6/30/21

Significant Deficiency: As discussed in finding 2020-001, for the pay period of December 16, 2020 through December 30, 2020, the payroll checks were dated December 18, 2020 and were

**Schedule of Prior Year Findings and Questioned Costs**  
**Adapt, Inc.**  
**Bogalusa, LA**  
**For the year ended December 31, 2021**

paid before the end of the pay period. The payroll checks were distributed before the effective pay ending date of the 30th. Time sheets inspected showed work and duties logged on the days paid for the effected employees. The time sheets were signed by the employees and approved by the supervisor. Because of the lack of control over the distribution of payroll checks, misappropriation of assets could occur and not be detected. Controls over the distribution of payroll checks should be implemented.

STATUS: Resolved.

Finding 2020-003

Department of Health and Human Services Drug Free Communities Support Program Grants  
CFDA No. 93.276 Grant No. NH28CE002806-001-00 Grant period 10/31/20-10/31/2021

Significant Deficiency: As discussed in finding 2020-001, for the pay period of December 16, 2021 through December 30, 2020, the payroll checks were dated December 18, 2020 and were paid before the end of the pay period. The payroll checks were distributed before the effective pay ending date of the 30th. Time sheets inspected showed work and duties logged on the days paid for the effected employees. The time sheets were signed by the employees and approved by the supervisor. Because of the lack of control over the distribution of payroll checks, misappropriation of assets could occur and not be detected. Controls over the distribution of payroll checks should be implemented.

STATUS: Resolved.

**Adapt, Inc.**  
**216 Memphis St.**  
**Bogalusa, LA 70427**

**Corrective Action Plan**

July 31, 2022

Louisiana Legislative Auditors

Adapt, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm: Minda Raybourn CPA LLC, 820 11<sup>th</sup> Avenue, Franklinton, LA 70438

Audit period: December 31, 2021

The findings from the December 31, 2021 schedule of findings and responses are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINANCIAL STATEMENT-COMPLIANCE FINDINGS**

**2021-001 Noncompliance with Statutory Due Date of Report**

**Condition:** The audit report was submitted past the statutory due date.

**Recommendation:** The agency should have a policy in place to engage a CPA for the yearly engagement 30 days before the effective fiscal year end. The agency should have the accounting records ready two months after the fiscal year end for the annual engagement.

**Management Response:** We will engage the CPA for the engagement 30 days before the effective fiscal year end. We will have the accounting records ready two months after the fiscal year end for the annual engagement.

**2021-002 Noncompliance with State Law on Sexual Harassment**

**Condition:** The agency's staff did not receive the one hour required training. The agency did not file the required sexual harassment report.

**Recommendation:** The agency should put in place policies and procedures for agency responsibilities and prohibitions regarding sexual harassment, annual training, and annual reporting.

**Management Response:** The agency will implement the recommendation before the end of the current fiscal year.

# *Minda B. Raybourn*

*Certified Public Accountant*

*Limited Liability Company*

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Member  
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Member  
LCPA

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Adapt Inc.  
216 Memphis Street  
Bogalusa, LA 70427  
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, 2021 through December 31, 2021. Adapt, Inc. (the "entity") management is responsible for those C/C areas identified in the SAUPs.

The entity 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, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe whether 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.

*The entity does not have policies and procedures for budgeting.*

- 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 to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to 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.

*Items 3 and 4 are not addressed in the entity's policies and procedures.*

- 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 to 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 (e.g., determining the reasonableness of fuel card purchases).

*Monitoring card usage is not addressed.*

- 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 to 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.

*This 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.

*This is not applicable.*

- 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.

*Frequency of data backups, storage of backups, periodic testing, and use of antivirus software and application of software patches/updates is not addressed.*

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

*Item 3 is not addressed in the entity's sexual harassment policies and procedures..*

**Management's Response:** We will implement the policies and procedures noted above before the end of the current fiscal year.

### ***Board or Finance Committee***

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee 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 to this procedure.*

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

*No exceptions to 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.

*This is not applicable.*

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*The listing of bank accounts and management's representation were obtained. The main operating accounting was selected.*

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

*No exception to this procedure.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*The entity has an external accountant to post to the general ledger and reconcile the bank account.*

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

*No exceptions to this procedure.*

### ***Collections (excluding electronic funds transfers)***

---

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

*A list of deposit sites and management's representation was obtained*

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

employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

*The entity has one cash drawer.*

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

*There is a separate person responsible for collecting cash. There is a separate person who prepares the deposit and reconciles the collection documentation to the deposit.*

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

*The entity has an external accountant that posts collections to the general ledger.*

- 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.

*The entity has an external accountant that posts collections to the general ledger.*

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

*The entity does have coverage for bond and insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

*There were no exceptions to procedures a through e.*

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

---

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

*Management's representation was obtained. The entity has one location that processes payments.*

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

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

*The program director can initiate a purchase request and place the order or make the purchase. The executive director approves the purchase.*

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

*The program director processes the payments. The executive director approves the payments.*

- 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.

*The program director who processes the payments can add or modify vendor files. Any new vendors are approved by the executive director.*

- 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.

*Once the checks are signed, they are mailed the same day.*

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

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

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

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

*Management's listing of credit cards and management's representation was obtained. The entity has one credit card.*

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

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

*The program director will review the receipts with the statement. She will prepare the payment and the executive director will pay online.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

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

*The listing of travel expenses and management's representation were obtained.*

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

*Per diem rates were within state guidelines.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*The program director approves the payments.*

### Contracts

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Management's listing and management's representations were obtained.*

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

*This is not applicable to the contracts.*

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

- c) *No exceptions to this procedure.*
- d) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*This was not applicable.*

- e) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*There were no exceptions to this procedure.*

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing and management's representation were obtained.*

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

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

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

*No exceptions to this procedure.*

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two

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

*No employees were terminated in the fiscal period.*

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

*No exceptions to this procedure.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*This is not applicable to the entity.*

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

*This is not applicable to the entity.*

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

*This is not applicable to the entity.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*This is not applicable to the entity.*

## *Fraud Notice*

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management asserted there were no misappropriations. Management's representations were obtained.*

24. Observe 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 exception to this procedure.*

## *Information Technology Disaster Recovery/Business Continuity*

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

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

*I performed the procedure and discussed the results with management.*

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

*I performed the procedure and discussed the results with management.*

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

*I performed the procedure and discussed the results with management.*

## *Sexual Harassment*

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

*The employees have not received the one hour of sexual harassment training during the year.*

27. Observe 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).

*No exception to this procedure.*

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes 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.

*The entity did not file the annual sexual harassment report for 2021. No board members or staff completed the training requirements. Management asserted there were no sexual harassment complaints.*

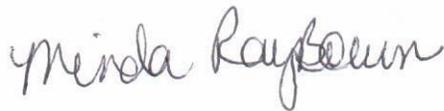
**Management’s Response:** We will implement policies and procedures before the end of the current year to ensure that the annual report is filed each year and to have all board members and personnel complete the required training.

We were engaged by the entity 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 the entity and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in black ink that reads "Minda Raybourn". The signature is written in a cursive, flowing style.

Minda B. Raybourn CPA  
Franklinton, LA  
July 31, 2022