

**RESILIENCE FORCE  
AND SUBSIDIARY**

Audits of Consolidated Financial Statements

December 31, 2023 and 2022



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## **Independent Auditor's Report**

To the Board of Directors  
Resilience Force and Subsidiary

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

#### **Opinion**

We have audited the consolidated financial statements of Resilience Force and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 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*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head and the consolidating schedules 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 GAAS. In our opinion, schedules are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
June 26, 2024

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 701,726	\$ 863,043
Accounts Receivable	-	9,600
Grants Receivable	344,055	321,700
Prepaid Expenses	16,461	17,174
Operating Lease Right-of-Use Assets, Net	-	26,058
<b>Total Current Assets</b>	<b>1,062,242</b>	<b>1,237,575</b>
<b>Other Assets</b>		
Grants Receivable, Net of Current Maturities	55,000	250,000
<b>Total Assets</b>	<b>\$ 1,117,242</b>	<b>\$ 1,487,575</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 32,175	\$ 11,170
Accrued Expenses	3,890	18,822
Operating Lease Liabilities	-	26,058
<b>Total Liabilities</b>	<b>36,065</b>	<b>56,050</b>
<b>Net Assets</b>		
Without Donor Restrictions	831,177	859,825
With Donor Restrictions	250,000	571,700
<b>Total Net Assets</b>	<b>1,081,177</b>	<b>1,431,525</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,117,242</b>	<b>\$ 1,487,575</b>

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

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>			
Grant Revenue	\$ 3,491,555	\$ -	\$ 3,491,555
Contract Revenue	360,315	-	360,315
Contributions	15,286	-	15,286
Net Assets Released from Restrictions	321,700	(321,700)	-
	<hr/>		
<b>Total Revenue, Gains, and Other Support</b>	4,188,856	(321,700)	3,867,156
	<hr/>		
<b>Expenses</b>			
Program Services			
Organizing	736,472	-	736,472
New Orleans Resilience Corps	662,428	-	662,428
Communications	472,069	-	472,069
Public Narrative	429,657	-	429,657
Resilience Force California	333,158	-	333,158
Policy and Advocacy	244,628	-	244,628
Pilots	157,500	-	157,500
Department of Labor	39,055	-	39,055
Supporting Services			
General and Administration	898,462	-	898,462
Fundraising	244,075	-	244,075
	<hr/>		
<b>Total Expenses</b>	4,217,504	-	4,217,504
	<hr/>		
<b>Change in Net Assets</b>	(28,648)	(321,700)	(350,348)
	<hr/>		
<b>Net Assets, Beginning of Year</b>	859,825	571,700	1,431,525
	<hr/>		
<b>Net Assets, End of Year</b>	\$ 831,177	\$ 250,000	\$ 1,081,177
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The accompanying notes are an integral part of these consolidated financial statements.

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support</b>			
Grant Revenue	\$ 1,200,000	\$ 2,590,410	\$ 3,790,410
Contract Revenue	161,853	-	161,853
Contributions	14,997	-	14,997
Net Assets Released from Restrictions	2,538,657	(2,538,657)	-
<b>Total Revenue, Gains, and Other Support</b>	<b>3,915,507</b>	<b>51,753</b>	<b>3,967,260</b>
<b>Expenses</b>			
Program Services			
New Orleans Resilience Corps	1,492,673	-	1,492,673
Public Narrative	543,337	-	543,337
Organizing	531,002	-	531,002
Policy and Advocacy	422,684	-	422,684
Resilience Force California	141,577	-	141,577
Supporting Services			
General and Administration	794,842	-	794,842
Fundraising	423,505	-	423,505
<b>Total Expenses</b>	<b>4,349,620</b>	<b>-</b>	<b>4,349,620</b>
<b>Change in Net Assets</b>	<b>(434,113)</b>	<b>51,753</b>	<b>(382,360)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,293,938</b>	<b>519,947</b>	<b>1,813,885</b>
<b>Net Assets, End of Year</b>	<b>\$ 859,825</b>	<b>\$ 571,700</b>	<b>\$ 1,431,525</b>

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



**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program Services						
	New Orleans Resilience Corps	Resilience Force California	Organizing	Department of Labor	Pilots	Policy and Advocacy	Communications
Advertising and Marketing	\$ -	\$ -	\$ 439	\$ -	\$ -	\$ -	\$ 216
Contractors	-	313,265	4,415	-	157,500	105,901	300,693
Convenings	-	-	20,043	-	-	-	-
Dues and Subscriptions	39	-	1,775	-	-	15,011	38
Fringe Benefits	95,733	-	65,815	-	-	11,445	18,190
Insurance Expense	-	4,938	-	-	-	1,339	-
Legal and Professional Services	1,375	433	-	-	-	25,234	-
Meals and Entertainment	1,167	-	17,725	-	-	635	-
Miscellaneous Expense	1,384	-	12,117	-	-	-	-
Office Expense and Supplies	3,152	14,367	9,806	-	-	888	1,795
Payroll Tax	42,032	-	36,311	2,976	-	6,024	10,327
Program Supplies Expense	-	-	3,153	876	-	-	-
Rent and Lease Expense	7,385	-	18,971	-	-	-	-
Salaries and Wages	494,544	-	470,417	34,090	-	75,261	135,000
Telecommunications	13,410	-	3,131	-	-	200	1,577
Travel Expense	2,207	155	62,310	1,113	-	2,690	4,233
Worker Outreach	-	-	10,044	-	-	-	-
<b>Total</b>	<b>\$ 662,428</b>	<b>\$ 333,158</b>	<b>\$ 736,472</b>	<b>\$ 39,055</b>	<b>\$ 157,500</b>	<b>\$ 244,628</b>	<b>\$ 472,069</b>

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

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses (Continued)**  
**For the Year Ended December 31, 2023**

	Program Services		Supporting Services			
	Public Narrative	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Total
Advertising and Marketing	\$ 9,290	\$ 9,945	\$ 1,639	\$ -	\$ 1,639	\$ 11,584
Contractors	158,250	1,040,024	229,494	7,500	236,994	1,277,018
Convenings	116	20,159	30,414	-	30,414	50,573
Dues and Subscriptions	989	17,852	3,621	5,605	9,226	27,078
Fringe Benefits	7,319	198,502	42,943	9,701	52,644	251,146
Insurance Expense	-	6,277	37,342	-	37,342	43,619
Legal and Professional Services	-	27,042	77,230	-	77,230	104,272
Meals and Entertainment	7,232	26,759	4,948	4,807	9,755	36,514
Miscellaneous Expense	2,422	15,923	11,983	225	12,208	28,131
Office Expense and Supplies	8,180	38,188	32,249	851	33,100	71,288
Payroll Tax	8,978	106,648	27,351	9,055	36,406	143,054
Program Supplies Expense	-	4,029	-	-	-	4,029
Rent and Lease Expense	966	27,322	1,466	-	1,466	28,788
Salaries and Wages	114,551	1,323,863	338,012	115,581	453,593	1,777,456
Telecommunications	123	18,441	12,535	279	12,814	31,255
Travel Expense	111,241	183,949	47,235	90,471	137,706	321,655
Worker Outreach	-	10,044	-	-	-	10,044
<b>Total</b>	<b>\$ 429,657</b>	<b>\$ 3,074,967</b>	<b>\$ 898,462</b>	<b>\$ 244,075</b>	<b>\$ 1,142,537</b>	<b>\$ 4,217,504</b>

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

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<b>Program Services</b>					
	<b>New Orleans Resilience Corps</b>	<b>Resilience Force California</b>	<b>Organizing</b>	<b>Policy and Advocacy</b>	<b>Public Narrative</b>	<b>Total Program Services</b>
Advertising and Marketing Expense	\$ 1,300	\$ -	\$ -	\$ -	\$ -	\$ 1,300
Contractors	46,564	133,780	87,300	330,942	531,614	1,130,200
Convenings	474	-	30,765	-	-	31,239
Dues and Subscriptions	1,126	-	-	8,700	-	9,826
Fringe Benefits	163,988	-	27,185	7,302	-	198,475
Insurance Expense	2,080	3,630	-	1,033	-	6,743
Legal and Professional Services	3,740	1,800	3,000	5,058	-	13,598
Meals and Entertainment Expense	4,799	-	2,472	264	128	7,663
Miscellaneous Expense	2,948	-	10	10	52	3,020
Office Expense and Supplies	11,742	2,103	3,483	444	296	18,068
Payroll Tax	116,446	-	32,234	4,924	-	153,604
Postage	1,456	264	-	424	-	2,144
Program Supplies Expense	20,093	-	10,136	164	-	30,393
Rent and Lease Expense	21,054	-	3,473	-	-	24,527
Repairs and Maintenance	-	-	412	-	-	412
Salaries and Wages	1,063,856	-	305,156	60,754	-	1,429,766
Telecommunication Expense	20,828	-	2,282	946	-	24,056
Travel Expense	10,179	-	23,094	1,719	11,247	46,239
<b>Total</b>	<b>\$ 1,492,673</b>	<b>\$ 141,577</b>	<b>\$ 531,002</b>	<b>\$ 422,684</b>	<b>\$ 543,337</b>	<b>\$ 3,131,273</b>

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

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statement of Functional Expenses (Continued)**  
**For the Year Ended December 31, 2022**

	<b>Supporting Services</b>			<b>Total</b>
	<b>General and Administration</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Advertising and Marketing Expense	\$ 2,963	\$ -	\$ 2,963	\$ 4,263
Contractors	327,656	165,720	493,376	1,623,576
Convenings	54,494	-	54,494	85,733
Dues and Subscriptions	2,953	854	3,807	13,633
Fringe Benefits	12,244	7,196	19,440	217,915
Insurance Expense	6,971	-	6,971	13,714
Legal and Professional Services	41,962	-	41,962	55,560
Meals and Entertainment Expense	21,077	955	22,032	29,695
Miscellaneous Expense	7,926	187	8,113	11,133
Office Expense and Supplies	28,388	63	28,451	46,519
Payroll Tax	17,881	9,334	27,215	180,819
Postage	4,020	-	4,020	6,164
Program Supplies Expense	4,515	-	4,515	34,908
Rent and Lease Expense	-	-	-	24,527
Repairs and Maintenance	-	-	-	412
Salaries and Wages	162,594	117,077	279,671	1,709,437
Telecommunication Expense	1,254	113	1,367	25,423
Travel Expense	97,944	122,006	219,950	266,189
<b>Total</b>	<b>\$ 794,842</b>	<b>\$ 423,505</b>	<b>\$ 1,218,347</b>	<b>\$ 4,349,620</b>

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

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Reconciliation of Changes in Net Assets to Net</b>		
<b>Cash Used in Operating Activities</b>		
Changes in Net Assets	\$ (350,348)	\$ (382,360)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities		
(Increase) Decrease in:		
Accounts Receivable	9,600	(9,600)
Grants Receivable	172,645	(137,545)
Prepaid Expenses	713	(17,174)
Operating Lease Right-of-Use Assets, Net	26,058	(26,058)
Increase (Decrease) in:		
Accounts Payable	21,005	770
Accrued Expenses	(14,932)	18,822
Operating Lease Liabilities	(26,058)	26,058
<b>Net Cash Used in Operating Activities</b>	<b>(161,317)</b>	<b>(527,087)</b>
<b>Net Decrease in Cash</b>	<b>(161,317)</b>	<b>(527,087)</b>
<b>Cash, Beginning of Year</b>	<b>863,043</b>	1,390,130
<b>Cash, End of Year</b>	<b>\$ 701,726</b>	<b>\$ 863,043</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Right-of-Use Asset Obtained in Exchange for New Operating Lease Obligations	\$ -	\$ 47,254

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

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### Organization

Resilience Force is a 501(c)(3) non-profit corporation incorporated on September 14, 2020, under the laws of the State of Louisiana. Resilience Force is working at the intersection of climate, labor, and racial justice. It represents the workers who rebuild America's homes and communities after climate disasters including hurricanes, floods, and fires. Resilience Force is building the million-strong resilience workforce that America needs to build climate adaptation, hit non-negotiable climate goals, and to face the future stronger.

In July 2022, Resilience Force CA, LLC (RFCA) was formed as a single member Limited Liability Company (LLC) under the laws of the State of California for the purpose of contracting workers for disaster prevention and reconstruction. Resilience Force is the sole member of RFCA.

As part of its mission, Resilience Force's programs also include:

**New Orleans Resilience Corps (the Corps)** – A diverse workforce development and jobs program which helps strengthen the City of New Orleans' response to the COVID-19 pandemic while creating economic opportunity for those who have lost jobs. The Corps trains residents to be Community Health Workers. These jobs serve as a crucial public health infrastructure for the City while paying a living wage and creating pathways to further professional opportunities.

**Organizing** - Help to support the thousands of workers who rebuild our communities after climate disasters. This includes regular check-ins, training workers on their rights and Occupational Safety and Health Administration (OSHA) and other regulations, and supporting them when they face challenges.

**Policy and Advocacy** - Work to ensure that there are local and national protections in place for Resilience Force workers to partner with elected officials and government agencies to increase worker protections and help workers seek justice if they face a workplace violation.

**Public Narrative** - Efforts to socialize the powerful conceptual framework of resilience and post-disaster work. This program includes engagement and storytelling that will help shape the public discourse nationally.

**Communications** - Part of the public narrative strategy, it involves identifying and securing paid and earned media to amplify the visibility, recognition, and appreciation of resilience workers.

**Pilots and the Department of Labor** - These programs are interwoven with the workforce development portfolio. Through funding from private philanthropy and the Department of Labor, pilot projects in California, Florida, and Louisiana have been developed to recruit, organize, and train the resilience workforce and create a high road industry. The pilots will scale into a full registered apprenticeship.

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Principles of Consolidation**

The consolidated financial statements include the accounts of Resilience Force and RFCA, for which Resilience Force is the sole-member, (collectively, the Organization). All significant intercompany transactions have been eliminated upon consolidation.

##### **Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

##### **Basis of Presentation**

The consolidated financial statements are presented in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization classifies resources for accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of these two net asset categories is 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 Board of Directors.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are no donor-imposed restrictions that are perpetual in nature as of December 31, 2023 and 2022.

##### **Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

##### **Cash and Cash Equivalents**

Cash includes amounts on deposit at financial institutions. For the purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less, redeemable without penalty for the early withdrawal, to be cash equivalents. The Organization had no cash equivalents at December 31, 2023 and 2022.

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Grants Receivable

Grants receivable include unconditional commitments from organizations that are recorded at the net realizable value that are expected to be collected by management. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. At December 31, 2023 and 2022, the Organization considers all grants receivable to be fully collectible. No discount has been recorded as of December 31, 2023 and 2022.

Included in grants receivable were the following as of December 31, 2023 and 2022:

	2023	2022
Amounts due in:		
Less than one year	\$ 344,055	\$ 321,700
One to five years	55,000	250,000
<b>Total Grants Receivable</b>	<b>\$ 399,055</b>	<b>\$ 571,700</b>

##### Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

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

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.



## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Revenue Recognition (Continued)

Contract revenue is related to the contracting of workers for disaster prevention and reconstruction projects. These revenues and related accounts receivable are recognized when the service is provided by the contracted workers. There was no deferred revenue as of December 31, 2023 and 2022.

##### Income Taxes

Resilience Force is a not-for-profit corporation organized under the laws of the State of Louisiana. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC. It is also exempt from Louisiana income tax under the authority of Louisiana Revised Statute (R.S.) 47:121(5).

RFCA was formed as a single member LLC with Resilience Force as the sole member. RFCA is a disregarded entity for federal income tax purposes.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense included in general and administrative expenses on the consolidated statement of activities and changes in net assets. There were no interest or penalties recognized for the years ended December 31, 2023 and 2022.

##### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Expenses are charged directly to program and supporting services using specific identification.

##### Advertising Costs

Advertising costs are expensed as incurred and totaled \$11,584 and \$4,263 during the years ended December 31, 2023 and 2022, respectively.

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its consolidated statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense in the consolidated statements of activities and changes in net assets.

The Organization made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, *Leases*). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Recent Accounting Pronouncements - Adopted

On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 and all subsequent ASUs that modified ASU 2016-13, which have been codified under ASC 326, *Financial Instruments - Credit Losses*. The Organization adopted this guidance using the modified retrospective approach, as required, and has not adjusted prior period comparative information and will continue to disclose prior period financial information in accordance with previous accounting guidance. The impact of adopting ASC 326 to the estimate of the allowance for credit losses was clearly inconsequential and not recognized.

##### Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

#### Note 2. Concentration of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining bank accounts at two commercial banks, which may at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, the uninsured bank balance totaled \$401,529 and \$611,565, respectively. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

#### Note 3. Liquidity and Availability of Resources

The following presents the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year at December 31, 2023 and 2022:

	2023	2022
Cash	\$ 701,726	\$ 863,043
Accounts Receivable	-	9,600
Grants Receivable	399,055	571,700
Less: Non-current Receivables	(55,000)	(250,000)
<b>Financial Assets Available to Meet General Expenditures Over the Next Twelve Months</b>	<b>\$ 1,045,781</b>	<b>\$ 1,194,343</b>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Organization has available. In addition, the Organization operates with a budget to monitor sources and uses of funds throughout the year.

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 4. Compensated Absences

The Organization's vacation policy states that vacation days do not roll over to the following year. Therefore, no compensated absences accrual was recorded at December 31, 2023 and 2022.

#### Note 5. Leases

The Organization leased office space from a third party under a noncancelable operating lease which expired December 2023 and was renewed subsequent to year end.

Operating lease cost is recognized on a straight-line basis over the lease term. The Organization recognized \$28,788 and \$24,527 in lease costs on the accompanying consolidated statement of activities and changes in net assets for the year ended December 31, 2023 and 2022, respectively.

Supplemental consolidated statement of financial position information related to leases is as follows as of December 31, 2023:

	2023	2022
Weighted Average Remaining Lease Term (in Years)	0.00	1.00
Weighted Average Discount Rate	N/A	N/A

#### Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions of the Organization consist of the following as of December 31, 2023 and 2022:

	2023	2022
Time Restrictions	\$ 250,000	\$ 571,700
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 571,700</b>

Net assets released from donor restrictions by incurring expenses satisfying restrictions specified by donors were as follows for the years ended December 31, 2023 and 2022:

	2023	2022
New Orleans Resilience Corps	\$ -	\$ 2,018,657
Time Restrictions	321,700	290,000
California Launch	-	180,000
Narrative	-	50,000
<b>Total</b>	<b>\$ 321,700</b>	<b>\$ 2,538,657</b>

## RESILIENCE FORCE AND SUBSIDIARY

### Notes to Consolidated Financial Statements

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#### Note 7. Retirement Plan

The Organization offers a 401(k) employee benefit plan to all employees. Employees may elect to defer a portion of their annual compensation, limited to statutory requirements determined by law. The Organization's contribution matches 100% up to 4% of the employee's compensation, calculated each pay period. Employees are 100% vested upon entry date. Contributions to the plan totaled \$44,961 and \$35,506 for the years ended December 31, 2023 and 2022, respectively.

#### Note 8. Related-Party Transactions

Resilience Force had receivables due from RFCA which totaled \$694 and \$26,802 as of December 31, 2023 and 2022, respectively, which were eliminated upon consolidation.

#### Note 9. Concentrations, Commitments, and Contingencies

##### Litigation

In the normal course of business, the Organization is periodically in various legal proceedings incidental to its normal business activities. The resolution of such matters is not expected to have a material adverse effect on the Organization's financial position, changes in net assets, or cash flows.

##### Concentrations

The primary sources of revenues for the Organization are grants and contributions provided through various funding agencies. Continued operations are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding. In 2023, the Organization had three significant grantors that accounted for approximately 79% of total revenue.

In 2022, the Organization had three significant grantors that accounted for approximately 66% of total revenue. Those same grantors accounted for approximately 70% of outstanding grants receivable at December 31, 2022.

#### Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 26, 2024, and determined that the following event occurred that requires disclosure:

On January 1, 2024, the Organization entered into a lease agreement to extend their office lease through December 31, 2025. The lease has a monthly obligation of \$2,420 for the first year of the lease and increases to \$2,539 for the second year of the lease.

No subsequent events occurring after June 26, 2024 have been evaluated for inclusion in these consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidating Statement of Financial Position**  
**December 31, 2023**

	Resilience Force	Resilience Force California	Eliminations	Consolidated Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 651,529	\$ 50,197	\$ -	\$ 701,726
Grants Receivable	344,055	-	-	344,055
Intra-Entity Receivables	694	-	(694)	-
Prepaid Expenses	16,461	-	-	16,461
<b>Total Current Assets</b>	<b>1,012,739</b>	<b>50,197</b>	<b>(694)</b>	<b>1,062,242</b>
<b>Other Assets</b>				
Grants Receivable, Net of Current Maturities	55,000	-	-	55,000
<b>Total Assets</b>	<b>\$ 1,067,739</b>	<b>\$ 50,197</b>	<b>\$ (694)</b>	<b>\$ 1,117,242</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 30,105	\$ 2,070	\$ -	\$ 32,175
Accrued Expenses	3,890	-	-	3,890
Intra-Entity Payables	-	694	(694)	-
<b>Total Liabilities</b>	<b>33,995</b>	<b>2,764</b>	<b>(694)</b>	<b>36,065</b>
<b>Net Assets</b>				
Without Donor Restrictions	783,744	47,433	-	831,177
With Donor Restrictions	250,000	-	-	250,000
<b>Total Net Assets</b>	<b>1,033,744</b>	<b>47,433</b>	<b>-</b>	<b>1,081,177</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,067,739</b>	<b>\$ 50,197</b>	<b>\$ (694)</b>	<b>\$ 1,117,242</b>

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidating Statement of Financial Position**  
**December 31, 2022**

	Resilience Force	Resilience Force California	Eliminations	Consolidated Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 861,565	\$ 1,478	\$ -	\$ 863,043
Accounts Receivable	-	9,600	-	9,600
Grants Receivable	321,700	-	-	321,700
Intra-Entity Receivables	8,802	18,000	(26,802)	-
Prepaid Expenses	17,174	-	-	17,174
Operating Lease Right-of-Use Assets, Net	26,058	-	-	26,058
<b>Total Current Assets</b>	1,235,299	29,078	(26,802)	1,237,575
<b>Other Assets</b>				
Grants Receivable, Net of Current Maturities	250,000	-	-	250,000
<b>Total Assets</b>	<u>\$ 1,485,299</u>	<u>\$ 29,078</u>	<u>\$ (26,802)</u>	<u>\$ 1,487,575</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 11,170	\$ -	\$ -	\$ 11,170
Accrued Expenses	18,822	-	-	18,822
Intra-Entity Payables	18,000	8,802	(26,802)	-
Operating Lease Liabilities	26,058	-	-	26,058
<b>Total Liabilities</b>	74,050	8,802	(26,802)	56,050
<b>Net Assets</b>				
Without Donor Restrictions	839,549	20,276	-	859,825
With Donor Restrictions	571,700	-	-	571,700
<b>Total Net Assets</b>	1,411,249	20,276	-	1,431,525
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,485,299</u>	<u>\$ 29,078</u>	<u>\$ (26,802)</u>	<u>\$ 1,487,575</u>



**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidating Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2023**

	Resilience Force	Resilience Force California	Eliminations	Consolidated Total
<b>Revenue, Gains, and Other Support</b>				
Grant Revenue	\$ 3,491,555	\$ -	\$ -	\$ 3,491,555
Contract Revenue	-	360,315	-	360,315
Contributions	15,286	-	-	15,286
<b>Total Revenue, Gains, and Other Support</b>	<b>3,506,841</b>	<b>360,315</b>	<b>-</b>	<b>3,867,156</b>
<b>Expenses</b>				
Program Services				
Organizing	736,472	-	-	736,472
New Orleans Resilience Corps	662,428	-	-	662,428
Communications	472,069	-	-	472,069
Public Narrative	429,657	-	-	429,657
Resilience Force California	-	333,158	-	333,158
Policy and Advocacy	244,628	-	-	244,628
Pilots	157,500	-	-	157,500
Department of Labor	39,055	-	-	39,055
Supporting Services				
General and Administration	898,462	-	-	898,462
Fundraising	244,075	-	-	244,075
<b>Total Expenses</b>	<b>3,884,346</b>	<b>333,158</b>	<b>-</b>	<b>4,217,504</b>
<b>Change in Net Assets</b>	<b>(377,505)</b>	<b>27,157</b>	<b>-</b>	<b>(350,348)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,411,249</b>	<b>20,276</b>	<b>-</b>	<b>1,431,525</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,033,744</b>	<b>\$ 47,433</b>	<b>\$ -</b>	<b>\$ 1,081,177</b>

**RESILIENCE FORCE AND SUBSIDIARY**  
**Consolidating Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2022**

	Resilience Force	Resilience Force California	Eliminations	Consolidated Total
<b>Revenue, Gains, and Other Support</b>				
Grant Revenue	\$3,790,410	\$ -	\$ -	\$ 3,790,410
Contract Revenue	-	161,853	-	161,853
Contributions	14,997	-	-	14,997
<b>Total Revenue, Gains, and Other Support</b>	<b>3,805,407</b>	<b>161,853</b>	<b>-</b>	<b>3,967,260</b>
<b>Expenses</b>				
Program Services				
New Orleans Resilience Corps	1,492,673	-	-	1,492,673
Public Narrative	543,337	-	-	543,337
Organizing	531,002	-	-	531,002
Policy and Advocacy	422,684	-	-	422,684
California Resilience Corps	-	141,577	-	141,577
Supporting Services				
General and Administration	794,842	-	-	794,842
Fundraising	423,505	-	-	423,505
<b>Total Expenses</b>	<b>4,208,043</b>	<b>141,577</b>	<b>-</b>	<b>4,349,620</b>
<b>Change in Net Assets</b>	<b>(402,636)</b>	<b>20,276</b>	<b>-</b>	<b>(382,360)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,813,885</b>	<b>-</b>	<b>-</b>	<b>1,813,885</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,411,249</b>	<b>\$ 20,276</b>	<b>\$ -</b>	<b>\$ 1,431,525</b>

**RESILIENCE FORCE AND SUBSIDIARY**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2023**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statements of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**  
 Saket Soni, Executive Director

<b>Purpose</b>	<b>Amount *</b>
Salary	\$0
Severance	\$0
Benefits - Insurance	\$0
Benefits- Retirement	\$0
Benefits - Med icare	\$0
Benefits - Worker's Comp	\$0
Benefits- Unemployment	\$0
Cell Phone and iPad Dues	\$0
Uniforms	\$0
Per Diem	\$0
Travel	\$0
Reimbursements	\$0
Fuel Usage	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

\*There were no compensation, benefits, or payments to the agency head that were derived from public funds, including state, local, and federal pass-through.

**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**

Independent Auditor's Report

To the Board of Directors  
Resilience Force and Subsidiary

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 (*Government Auditing Standards*), the consolidated financial statements of Resilience Force and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2023, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 26, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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 *Governmental 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
June 26, 2024

**RESILIENCE FORCE AND SUBSIDIARY**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2023**

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

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditor's report:   | Unmodified    |
| 2. Internal control over financial reporting and compliance and other matters:   |               |
| a. Material weaknesses identified?   | No            |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| c. Noncompliance material to the financial statements noted?                     | No            |

**Section II - Financial Statement Findings**

None.

**RESILIENCE FORCE**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2023**

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**2022-001 - Governance and Oversight - Lack of Formal Board Meetings and Documentation of Actions of the Board of Directors**

This finding has been resolved.

**2022-002 - Late Submission of Annual Audit**

This finding has been resolved.

## **AGREED-UPON PROCEDURES REPORT**

Resilience Force

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2023 - December 31, 2023**

To the Board of Directors of  
Resilience Force  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on Resilience Force's (the Organization) control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2023 through December 31, 2023. Resilience Force's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal year January 1, 2023 through December 31, 2023. Additionally, the 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 results are as follows:

### **1) *Written Policies and Procedures***

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- A. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.



- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** Based on the results of the procedures performed, we noted the Organization had no written policies and procedures related to information technology disaster recovery/business continuity. No further exceptions were identified.

## 2) Board or Finance Committee

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, 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. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - iii. For governmental entities, 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.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

**Results:** In performing procedure A.i., we noted that while the Organization's bylaws call for quarterly meetings of the board, only minutes for one board meeting were maintained during the period. No further exceptions were identified.

## 3) Bank Reconciliations

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- A. 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:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. 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.

**Results:** No exceptions were found as a result of performing these procedures.

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

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- A. 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).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Results:** In performing procedure 4.C., we noted that the Organization's insurance policy for theft only covered directors and officers and did not cover all employees who have access to cash. No further exceptions were identified.

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

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- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A 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
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected, the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

**Results:** In performing procedure 5.C., we noted that management was unable to locate supporting documentation for 1 of the 5 transactions selected for testing. No further exceptions were identified.

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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

**Results:** In performing procedure 6.C., we noted that of the 39 card transactions selected for testing, 7 lacked an original itemized receipt with no compensating control to address the missing receipt, and 26 lacked written documentation of the business/public purpose. Of the 39 card transactions selected for testing, 7 were for meal charges which all lacked documentation of the individuals participating in the meals. No further exceptions were identified.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were found as a result of performing these procedures.

## **8) Contracts**

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

**Results:** Not applicable.

## **9) Payroll and Personnel**

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- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were found as a result of performing these procedures.

## **10) Ethics**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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

**Results:** Not applicable.

### ***11) Debt Service***

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- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** Not applicable.

### ***12) Fraud Notice***

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

**Results:** No exceptions were found as a result of performing these procedures.

### ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.



- iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
  - C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
    - Hired before June 9, 2020 - completed the training; and
    - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

**Results:** We performed the procedure and discussed the results with management.

#### ***14) Prevention of Sexual Harassment***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe 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).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Results:** Not applicable.

We were engaged by the Organization 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 Organization 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 on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
June 26, 2024