

*Children's Advocacy
Network, Inc.*

Alexandria, Louisiana

December 31, 2021

Children's Advocacy Network, Inc.

December 31, 2021

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

To the Board of Directors of
Children's Advocacy Network, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Children's Advocacy Network, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Children's Advocacy Network, Inc., as of December 31, 2021, and the 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 Opinion

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

Responsibilities of Management for the Financial Statements

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

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.

1



1419 Metro Drive • P.O. Box 13200
Alexandria, LA 71315-3200
Ph: (318) 443-1893 • Fax: (318) 443-2515



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

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 Children's Advocacy Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of CASA Assistance Program revenue and expenses, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of justice system funding - receiving entity are presented for purposes of additional analysis and are not a required part of the financial statements. 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 also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of Children's Advocacy Network, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Children's Advocacy Network, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Children's Advocacy Network, Inc.'s internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 23, 2022

Children's Advocacy Network, Inc.
Statement of Financial Position
December 31, 2021

Exhibit A

Assets

Current Assets

Cash	\$ 811,617
Receivables	238,160
Total Current Assets	1,049,777

Investments

1,272,176

Property, Plant, and Equipment - Net of Depreciation

434,690

Other Assets

Deposits	2,755
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Total Assets

\$ 2,759,398

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 3,990
Accrued liabilities	5,255
Total Current Liabilities	9,245

Net Assets

Without donor restrictions	
Undesignated	1,146,447
Designated - long-term investment plan	1,274,370
With donor restrictions	329,336
Total Net Assets	2,750,153

Total Liabilities and Net Assets

\$ 2,759,398

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

Children's Advocacy Network, Inc.
Statement of Activities
Year Ended December 31, 2021

Exhibit B

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 165,877	\$ -	\$ 165,877
Fundraising events	190,089	275,049	465,138
Grants	129,700	1,763,392	1,893,092
Court costs	33,789	-	33,789
Investment income			
Interest and dividends	51,396	-	51,396
Unrealized gain (loss) on investments	68,313	-	68,313
Miscellaneous	14,458	-	14,458
Net assets released from restrictions	1,774,731	(1,774,731)	-
Total Revenue and Support	2,428,353	263,710	2,692,063
Expenses			
Program Services			
Advocacy Center	873,555	-	873,555
CASA	1,057,973	-	1,057,973
Therapy	123,944	-	123,944
Total Program Services	2,055,472	-	2,055,472
Supporting Services			
Management and general	159,720	-	159,720
Fundraising	20,443	-	20,443
Total Supporting Services	180,163	-	180,163
Total Expenses	2,235,635	-	2,235,635
Change in Net Assets	192,718	263,710	456,428
Net Assets - Beginning of Year	2,228,099	65,626	2,293,725
Net Assets - End of Year	\$ 2,420,817	\$ 329,336	\$ 2,750,153

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

Children's Advocacy Network, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

Exhibit C

	Program Services			Supporting Services			Total Expenses	
	Advocacy Center	CASA	Therapy	Total	Management and General	Fundraising		Total
Advertising	\$ 310	\$ 34,775	\$ 27	\$ 35,112	\$ 27	\$ -	\$ 27	\$ 35,139
Payroll taxes and benefits	69,653	107,025	13,561	190,239	17,456	-	17,456	207,695
Salaries	447,125	687,026	87,051	1,221,202	112,052	-	112,052	1,333,254
Telephone and utilities	19,516	29,987	3,799	53,302	4,891	-	4,891	58,193
Supplies	66,591	16,957	797	84,345	3,822	-	3,822	88,167
Insurance	15,438	9,141	631	25,210	188	-	188	25,398
Professional services	89,646	20,324	-	109,970	3,787	-	3,787	113,757
Depreciation	19,637	30,173	3,823	53,633	4,921	-	4,921	58,554
Rent	90,000	32,343	-	122,343	-	-	-	122,343
Travel and education	49,007	20,671	3,841	73,519	715	-	715	74,234
Other	6,632	69,551	10,414	86,597	11,861	20,443	32,304	118,901
Total Expenses	\$ 873,555	\$ 1,057,973	\$ 123,944	\$ 2,055,472	\$ 159,720	\$ 20,443	\$ 180,163	\$ 2,235,635

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

Children's Advocacy Network, Inc.
Statement of Cash Flows
Year Ended December 31, 2021

Exhibit D

Cash Flows from Operating Activities

Change in net assets	\$ 456,428
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	58,554
Unrealized (gain) or loss on investments	(68,313)
Changes in operating assets and liabilities:	
Receivables	7,168
Accounts payable	3,955
Accrued liabilities	2,934
Net Cash Provided by (Used in) Operating Activities	460,726

Cash Flows from Investing Activities

Purchase of property and equipment	(10,910)
Purchase of investments	(40,005)
Proceeds from the sale of investments	25,173
Interest and dividends reinvested	(32,372)
Net Cash Provided by (Used in) Investing Activities	(58,114)

Net Cash Provided by (Used in) Financing Activities

-

Net Increase (Decrease) in Cash

402,612

Cash, Beginning of Year

409,005

Cash, End of Year

\$ 811,617

Additional Required Disclosures:

1. No amounts were paid for interest during the year.
2. No amounts were paid for taxes during the year.
3. There were no material noncash investing or financing transactions during the year that affected recognized assets and liabilities.

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

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization

Children's Advocacy Network, Inc. (C.A.N.) is a nonprofit organization which utilizes an interagency approach to the investigation, prosecution, and treatment of children sexually and physically abused. The mission of C.A.N. is to lessen the trauma experienced by child abuse victims as allegations are investigated and to provide support for the child victim in any resulting proceeding within the criminal justice system. Program activities conducted in pursuit of this mission are described as follows:

- Advocacy Center – The advocacy center coordinates the efforts of child protection staff, law enforcement professionals, family advocates, medical experts, and mental health clinicians under one roof to foster hope and healing for children and their families.
- CASA – Court Appointed Special Advocates (CASAs) are trained community volunteers appointed by the judge to represent the interests of abused and neglected children. CASAs conduct an independent investigation for the purposes of providing the court with objective recommendations regarding the child's best interest. C.A.N. recruits, screens, and trains CASA volunteers.
- Therapy – The specialized therapy program is designed to work closely with children and their families to lessen the negative symptoms of trauma and give them the skills necessary to move past the trauma towards a hopeful and bright future.

Basis of Presentation

The financial statements have been prepared on the accrual basis in conformity with generally accepted accounting principles.

As required by generally accepted accounting standards, net assets and activities are classified in the following manner:

- Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, court costs, and interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- Net assets with donor restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished. Until that time, these net assets are restricted.

Cash and Cash Equivalents

Cash and cash equivalents represent bank deposits and highly liquid investments with original maturities of three months or less.

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

Promises to Give

As required by generally accepted accounting principles, unconditional promises to give are reported as revenue when the promise is made. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled. Grants provided by the CASA Assistance Program and Louisiana Commission on Law Enforcement are considered conditional promises to give while all other grants received are considered unconditional promises to give.

Certificates of Deposit

Certificates of deposit, if any, have a maturity date in excess of 90 days when purchased and are stated at cost, which approximates market value. Certificates of deposit having a maturity date greater than one year from year-end are considered long-term assets.

Investments

Investments consist of marketable securities that are reported at fair market value based on quoted market prices. Equity investments that are not actively traded are reported at cost when fair market values are not available.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost on the date of acquisition. Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Donated property is recorded at the estimated fair value upon receipt. Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 40 years.

Assets donated with explicit restrictions regarding their use and contributions of cash earmarked to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, C.A.N. reports expirations of donor restrictions when the donated or acquired assets are placed in service. C.A.N. reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Compensated Absences

Employees are allowed to accumulate and carry over a maximum of 40 hours of vacation time per year. Actual amounts carried over were immaterial at December 31, 2021.

Use of Donated Facilities

C.A.N. rents an office facility for \$1 each year under the terms of a lease agreement (see Note 14 – Leases). Contribution revenue and rent expense are recognized in an amount approximating the annual estimated fair value rental of the property.

**Children's Advocacy Network, Inc.
December 31, 2021**

Notes to Financial Statements

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated are salaries, payroll taxes and benefits, telephone and utilities, and depreciation, which are based on time spent. All other expenses are allocated based on direct costs.

Advertising

C.A.N.'s advertising programs are not considered to have any significant benefits for future periods. Accordingly, advertising costs are expensed as incurred.

Income Taxes

C.A.N. is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, C.A.N. is not classified as a "private foundation" by the Internal Revenue Service.

C.A.N.'s tax returns remain subject to audit by the IRS for three years after filing. At December 31, 2021, the returns for 2018, 2019, and 2020 remain open.

Estimates

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

Subsequent Events

Management has evaluated subsequent events through June 23, 2022, the date which the financial statements were available for issue.

2. Cash

Demand deposits	\$ 809,423
Money market accounts	<u>2,194</u>
	\$ 811,617

3. Receivables

Grants – promises to give	\$ 214,433
Court costs	<u>23,727</u>
	\$ 238,160

Receivables are considered entirely collectible, and there is no allowance for doubtful accounts. Furthermore, the entire balance is considered collectible within one year.

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

4. Investments

Investment securities are reported at quoted market prices. Investment securities held at year-end are described as follows:

Fixed income securities	\$	105,372
Mutual funds		657,321
Exchange traded products		504,523
Real estate investment trust		4,960
	\$	1,272,176

Fixed income securities consist of various bond issues that are described more fully as follows:

	<u>Moody Rating</u>	<u>Maturity Date</u>	<u>Rate</u>		<u>Total</u>
JPMorgan Chase Group	A3	09/10/24	3.875%	\$	53,192
Wells Fargo Group	A1	02/19/25	3.000%		52,180
				\$	105,372

Mutual funds consist of various professionally managed investment arrangements designed to invest in various securities. Details related to mutual fund holdings are described as follows:

<u>Investment Category</u>		<u>Total</u>
Domestic convertible securities	\$	60,280
Intermediate term bonds		422,866
High yield bonds		50,198
World bonds		96,265
Variable rate senior corporate debt		27,712
	\$	657,321

Exchange traded products are investment vehicles that are traded on various stock exchanges. These funds are invested in various securities in a manner designed to track various market indices that are more fully described as follows:

<u>Market Index</u>		<u>Total</u>
<u>IShares</u>		
Morningstar Dividend Leaders Index	\$	53,340
Morgan Stanley Capital International – Emerging Markets		35,905
Exchange – First Trust North American Energy Infrastructure		31,449
S & P 500 Citigroup Growth		90,364
Morgan Stanley Capital International – Europe, Australasia, and Far East		45,634
S & P Midcap 400/Citigroup Value		55,340
S & P Smallcap 600/Citigroup Value		54,962
Preferred & Income Securities		51,259
JPMorgan Ultra-Short Income		50,480
Utilities Select Sector SPDR Fund		35,790
	\$	504,523

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

A real estate investment trust (REIT) invests in commercial properties, industrial properties, and loans secured by real estate. Shares in the REIT are not actively traded but shareholders are offered an opportunity to redeem shares at amounts based on estimated fair market values. The estimated fair market values have been determined based on valuations provided by third party real estate advisors. Management has evaluated these shares for impairment and determined that there were no circumstances or events that are expected to have an adverse impact on the value of the REIT investments.

5. Endowments

The endowments held by C.A.N. consist entirely of funds designated by the Board of Directors and are classified as net assets without donor restrictions. C.A.N. invests these funds according to an investment strategy that currently includes having an independent investment advisor manage the funds to achieve a total return of about 7% per year by investing in asset classes such as money market, fixed income, equity, and alternative investments. C.A.N.'s current spending policy includes distributing investment income of 5% to support undesignated operations and reinvesting any income in excess of 5%.

Changes in endowment net assets for the year ended December 31, 2021, consist of the following:

	<u>Total</u>
Endowment, beginning of year	\$ 1,217,497
Contributions	-
Investment income	48,560
Net appreciation (depreciation)	68,313
Fees	-
Appropriations	<u>(60,000)</u>
Endowment, end of year	\$ 1,274,370

6. Fair Values

C.A.N. is required to disclose estimated fair value for all financial instruments and non-financial instruments measured at fair value on a recurring basis. The fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels as follows:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

C.A.N. uses the appropriate valuation technique based on the available inputs to measure the fair value of its investments.

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

Details regarding assets measured at fair value on a recurring basis are provided as follows:

Description	Fair Value Measurement at Reporting Date Using			
	Total 12/31/21	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income securities	\$ 105,372	\$ 105,372	\$ -	\$ -
Mutual funds	657,321	657,321	-	-
Exchange traded products	504,523	504,523	-	-
Real estate investment trust	4,960	-	4,960	-
Total Investments	\$ 1,272,176	\$ 1,267,216	\$ 4,960	\$ -

A reconciliation of fair values measured using Level 2 inputs is provided as follows:

Fair Value Measurements Using Level 2 Inputs

Beginning Balance	\$ 8,040
Distributions	(2,800)
Unrealized gain (loss) on investment	(280)
Ending Balance	\$ 4,960

7. Property, Plant, and Equipment

Office building	\$ 219,151
Furniture, equipment, and vehicles	455,857
Leasehold improvements	300,700
Total property, plant, and equipment	975,708
Accumulated depreciation	(541,018)
Property, plant, and equipment, net of accumulated depreciation	\$ 434,690

Depreciation expense for 2021 was \$58,554.

8. Net Assets without Donor Restrictions

C.A.N.'s net assets without donor restrictions totaled \$2,420,817 as of December 31, 2021. Of this amount, \$1,274,370 was designated by the Board of Directors as a long-term investment plan to establish reserves and generate investment income. Amounts held in money market accounts and investment securities have been designated for the long-term investment plan.

9. Net Assets with Donor Restrictions

The unexpended portion of various grants and contributions (cash and receivables) has been classified as net assets with donor restrictions due to restrictions imposed by various grantors and donors. Net assets with donor restrictions at year-end consist of the following:

Louisiana Charities	\$ 54,287
Capital Campaign Funds	275,049
	\$ 329,336

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

10. Conditional Promises to Give

C.A.N. is the recipient of (1) CASA Assistance Program (CASA AP) funds provided through the State of Louisiana which include TANF (Temporary Assistance for Needy Families) funds from the federal government; (2) Crime Victim Assistance funds from the Louisiana Commission on Law Enforcement provided through the State of Louisiana from the federal government; and (3) Louisiana Alliance of Children's Advocacy Centers funds provided through the State of Louisiana which include funds from the federal government. These grants are available on a cost reimbursement basis. Based on the terms of the grant agreements and past experience, these grant awards are not considered revenue until expenses qualifying for reimbursement are incurred. Accordingly, the unexpended portion of the grant awards is considered a conditional promise to give. At December 31, 2021, conditional promises to give included the following:

CASA Assistance Program	\$ 348,983
Crime Victim Assistance	<u>556,293</u>
	\$ 905,276

11. Liquidity and Availability of Financial Assets

The following reflects C.A.N.'s financial assets as of December 31, 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

Financial Assets:	
Cash	\$ 811,617
Receivables	238,160
Investments	<u>1,272,176</u>
	2,321,953
Less amount unavailable for general expenditure within one year due to purpose restrictions by donors	(329,336)
Less amount unavailable to management without Board's approval due to Board designation for long-term investment plan	<u>(1,274,370)</u>
Total financial assets available to meet cash needs for general expenditures within one year	\$ 718,247

C.A.N. must maintain sufficient resources to meet responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of C.A.N.'s liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, C.A.N. operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues and utilizing donor-restricted resources from current and prior years' contributions and grant funds.

12. Contingent Liabilities

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being allowable expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, could become a liability of C.A.N. Management of C.A.N. believes disallowances, if any, will not be material.

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

13. Concentrations

C.A.N. maintains a checking account at a local financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. The uninsured cash balance at December 31, 2021 was \$545,404. C.A.N. also has investment accounts with two brokerage firms which are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 each. Some brokerage firms carry additional insurance to cover amounts over \$500,000. There were no uninsured balances held in the brokerage firms at December 31, 2021.

CASA AP and Red River Delta provided \$1,549,065 in grants, which is approximately 58% of total revenue and support. Without these grants, programs would be significantly affected.

14. Leases

C.A.N. has entered into the following lease agreements to rent office space:

Beginning in 2014, C.A.N. rents an office facility at 1506 Albert Street in Alexandria to conduct the forensic interviewing services. The term of the lease agreement covers the period from January 1, 2014 to December 3, 2028. Under this agreement, C.A.N. agrees to operate the facility as a children's advocacy center for the benefit of the community, pay for any remodeling, and pay an annual rental of \$1 due at the beginning of the lease. Contribution revenue and rent expense have been recognized in the amount of \$90,000 for the year ended December 31, 2021.

Beginning in 2015, C.A.N. rents an office facility at 631 North Main Street in Marksville to recruit, screen, and train CASA volunteers in Avoyelles Parish. The lease term is on a month-to-month basis with monthly payments of \$800. Total rent expense has been recognized in the amount of \$9,600 for the year ended December 31, 2021.

Beginning March 1, 2016, C.A.N. rents an office facility at 457 Second Street in Colfax to recruit, screen, and train CASA volunteers in Grant Parish. The lease term is on a month-to-month basis with monthly payments of \$500. Total rent expense has been recognized in the amount of \$6,000 for the year ended December 31, 2021.

Beginning in 2016, C.A.N. rents an office facility at 104 South Jones Street in Winnfield to recruit, screen, and train CASA volunteers in Winn Parish. The lease term is on a month-to-month basis with monthly payments of \$500. Total rent expense has been recognized in the amount of \$6,000 for the year ended December 31, 2021.

Beginning April 1, 2019, C.A.N. rents an office facility at 2805C East Oak Street in Jena to recruit, screen, and train CASA volunteers in LaSalle Parish. The lease term is on a month-to-month basis with monthly payments of \$400. Total rent expense has been recognized in the amount of \$4,800 for the year ended December 31, 2021.

Beginning January 1, 2020, C.A.N. rents an office facility at 1109 Carter Street in Vidalia to recruit, screen, and train CASA volunteers in Catahoula and Concordia parishes. The lease term is on a month-to-month basis with monthly payments of \$450. Total rent expense has been recognized in the amount of \$4,950 for the year ended December 31, 2021.

Children's Advocacy Network, Inc.
December 31, 2021

Notes to Financial Statements

C.A.N. has entered into the following lease agreements to rent storage space:

C.A.N. rents a storage facility to store various documentation they are required to retain. The lease term is on a month-to-month basis with monthly payments of \$75. The monthly payment increased to \$99 in December. Total rent expense has been recognized in the amount of \$924 for the year ended December 31, 2021.

C.A.N. rents two other storage facilities to store mobile units that are used to host interviews for child victims. The lease term is on a month-to-month basis with monthly payments of \$165 per unit. Total rent expense has been recognized in the amount of \$953 for the year ended December 31, 2021.

15. Retirement Plan

C.A.N. provides the option for employees to participate in a 403(b) tax deferred retirement plan. An employee is immediately eligible to participate in this plan. Participants are allowed to make individual voluntary contributions to the plan through salary deferral. The maximum allowable contributions are regulated by the Internal Revenue Service regulations. C.A.N. does not make any matching or discretionary retirement plan contributions to this plan.

In August 2021, C.A.N. switched from the 403(b) tax deferred retirement plan to a SIMPLE IRA retirement plan. Under the terms of the Plan, C.A.N. matches 100% of eligible employee contributions up to 3% of wages. During the year ended December 31, 2021, retirement plan expenses were \$15,752.

16. Contributed Services

The criteria for recognition of contributed services in the financial statements include services that create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Those contributed services are recorded at their fair values in the period received.

C.A.N. received in-kind donations of executive director services in the amount of \$17,466 for the year ended December 31, 2021. This donation is included in contributions revenue and program and supporting services expenses in the accompanying financial statements.

In addition, a number of board members and volunteers donated their time to C.A.N. and its programs. These donated services are not reflected in the accompanying financial statements since the activities do not meet the criteria for recognition of contributed services.

Supplementary Information

Children's Advocacy Network, Inc.
Schedule of CASA Assistance Program (CASA AP) Revenue and Expenses
Year Ended December 31, 2021

Schedule 1

CASA AP Revenue	
Federal (TANF)	\$ 215,849
State of Louisiana	335,364
Total CASA AP Revenue	<u>\$ 551,213</u>
CASA AP Expenses	
Salaries	\$ 326,816
Payroll taxes and benefits	43,542
Professional services	5,556
Operating expenses	80,079
Travel	8,294
Training	3,978
Supplies	7,018
Administration - CASA AP funded	75,930
Total CASA AP Expenses	<u>\$ 551,213</u>

See independent auditor's report.

Children's Advocacy Network, Inc.
Schedule of Compensation, Benefits, and Other Payments
to Agency Head or Chief Executive Officer
Year Ended December 31, 2021

Schedule 2

William Bond, Executive Director (January 1, 2021 - August 31, 2021)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 58,612
Benefits - insurance	1,747
Travel	171
Per diem	261
Reimbursements	176
	<hr/>
Total	\$ 60,967
	<hr/> <hr/>

Diane Davidson, Interim Executive Director (August 23, 2021 - November 16, 2021)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Travel	-
Meals	-
Per diem	-
Reimbursements	-
	<hr/>
Total	\$ -
	<hr/> <hr/>

Contributed services in the amount of \$17,466 are included in the financial statements.

Kendra Gauthier, Executive Director (November 16, 2021 - December 31, 2021)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,375
Benefits - insurance	-
Travel	-
Meals	-
Per diem	-
Reimbursements	-
	<hr/>
Total	\$ 9,375
	<hr/> <hr/>

See independent auditor's report.

Children's Advocacy Network, Inc.
Schedule of Justice System Funding - Receiving Entity
Year Ended December 31, 2021

Schedule 3

As required by Act 87 of the 2020 Regular Legislative Session

Identifying Information

Entity Name:	Children's Advocacy Network, Inc.
LLA Entity ID #:	6127
Date that reporting period ended:	12/31/2021

	First Six Month Period Ended June 30, 2021	Second Six Month Period Ended December 31, 2021
Cash Basis Presentation		
Receipts From:		
Alexandria City Marshal, Criminal Court Costs/Fees	\$ 10,043	\$ -
Rapides Parish Sheriff, Criminal Court Costs/Fees	15,220	-
Pineville City Marshal, Criminal Court Costs/Fees	3,757	6,305
Subtotal Receipts	\$ 29,020	\$ 6,305

**Ending balance of Amounts Assessed but Not Received
(only applies to those agencies that assess on behalf of
themselves, such as courts)**

	\$ -	\$ -
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See independent auditor's report.

Children's Advocacy Network, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Schedule 4

Federal Grantor/ Pass-through Grantor/ Program Name	Assistance Listing/CFDA Number	Pass-through Grant Number	Amount Expended
United States Department of Justice -			
Office for Victims of Crime			
Passed through Louisiana Alliance of Children's Advocacy Centers			
Services for Trafficking Victims	16.320	7-ALEX-02	\$ 26,943
Services for Trafficking Victims	16.320	7-ALEX-03	24,314
Passed through the State of Louisiana			
Commission on Law Enforcement and Administration of Criminal Justice			
Crime Victim Assistance	16.575	2018-VA-03-5258	559,173
Crime Victim Assistance	16.575	2019-VA-03-5979	<u>438,679</u>
Total United States Department of Justice			<u>1,049,109</u>
United States Department of Health and Human Services -			
Administration for Children and Families			
Passed through the State of Louisiana			
Office of the Judicial Administrator			
TANF Cluster			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	94,625
Temporary Assistance for Needy Families (TANF)	93.558	N/A	121,224
Passed through Louisiana Alliance of Children's Advocacy Centers			
Child Abuse and Neglect State Grants	93.669	CAPTA-ALEX-005-01	<u>17,942</u>
Total United States Department of Health and Human Services			<u>233,791</u>
Total Expenditures of Federal Awards			<u>\$ 1,282,900</u>

Notes:

(1) The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Children's Advocacy Network, Inc. (C.A.N.) 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 the C.A.N., it is not intended to and does not present the financial position, changes in net position, or cash flows of C.A.N.

(2) 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, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) No federal funds were awarded to subrecipients during the year ended December 31, 2021.

(4) Children's Advocacy Network, Inc. did not elect to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

**Other Reports Required by
Government Auditing Standards
And the Uniform Guidance**

**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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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
Children’s Advocacy Network, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children’s Advocacy Network, Inc. (C.A.N.) (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 our report thereon dated June 23, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered C.A.N.’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of C.A.N.’s internal control. Accordingly, we do not express an opinion on the effectiveness of C.A.N.’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 the 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 were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2021-001 that we consider to be a material weakness.

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
Cindy L. Humphries, C.P.A.
Deborah R. Dunn, C.P.A.

Rebecca G. Nation, C.P.A.
Evelyn T. Renfrow, C.P.A.
Kayla G. Holloway, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

Report on Compliance and Other Matters

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

C.A.N.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on C.A.N.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. C.A.N.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

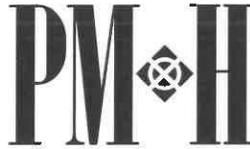
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of C.A.N.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering C.A.N.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 23, 2022

**Independent Auditor's Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance**



PAYNE, MOORE & HERRINGTON, LLP

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
Children's Advocacy Network, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Children's Advocacy Network, Inc.'s (C.A.N.) 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 C.A.N.'s major federal programs for the year ended December 31, 2021. C.A.N.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, C.A.N. 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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* 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). Our 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.

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

Rebecca B. Morris, C.P.A.
Michael A. Juneau, C.P.A.
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Kayla G. Holloway, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

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 C.A.N.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on C.A.N.'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 C.A.N.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding C.A.N.'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 C.A.N.'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 C.A.N.'s internal control over compliance. Accordingly, no such opinion is expressed.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 23, 2022

**Children's Advocacy Network, Inc.
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> x </u>	Yes	<u> </u> No
Significant deficiency identified not considered to be a material weakness?	<u> </u>	Yes	<u> x </u> None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> x </u> No
Management's Corrective Action Plan	See attached		
Management's Summary Schedule of Prior Audit Findings	Not applicable		
Memorandum of Other Comments and Recommendations	None issued		

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	<u> </u>	Yes	<u> x </u> No
Significant deficiency identified not considered to be a material weakness?	<u> </u>	Yes	<u> x </u> None reported
Type of auditor's report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	<u> </u>	Yes	<u> x </u> None reported

**Children's Advocacy Network, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021**

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victim Assistance

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

Auditee qualified as low risk auditee? Yes No

Section II - Financial Statement Findings

Finding 2021-001 – Material Audit Adjustments

Criteria: The objectives of internal controls include providing management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition and Context: Control deficiencies resulted in a material audit adjustment. These deficiencies may not have been detected except for independent audit procedures.

Cause and Effect: Several account balances were materially misstated due to the audit journal entries for the year ended December 31, 2020, not being recorded.

Recommendation: We recommend establishing monitoring procedures to ensure that all audit journal entries be recorded to reflect proper account balances.

Management's Response: See Management's Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Not Applicable.



P.O. Box 8418
Alexandria, LA 71306

Children's
Advocacy Network

www.childrensadvocacy.net

**Children's Advocacy Network, Inc.
Management's Corrective Action Plan
Year Ended December 31, 2021**

The Children's Advocacy Network, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2021.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P.O. Box 13200
Alexandria, LA 71315-3200

Audit Period: January 1, 2021 - December 31, 2021

Finding 2021-001 – Material Audit Adjustments

Condition and Context: Control deficiencies resulted in a material audit adjustment. These deficiencies may not have been detected except for independent audit procedures.

Recommendation: The auditors recommend establishing monitoring procedures to ensure that all audit journal entries be recorded to reflect proper account balances.

Corrective action taken:

The following procedure has been established by the Board of Directors:

The Executive Director will review and present to the Finance Committee the Adjusting Journal Entries and ensure that the entries have been made. This will occur no later than 60 days after completion of the audit.

Children's Advocacy Network, Inc.

Statewide Agreed-Upon Procedures Report

Alexandria, Louisiana

December 31, 2021



PAYNE, MOORE & HERRINGTON, LLP

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors of
Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Children's Advocacy Network, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Children's Advocacy Network, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 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 for 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 results are as follows:

Written Policies and Procedures

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

Rebecca B. Morris, C.P.A.
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Kayla G. Holloway, C.P.A.



1419 Metro Drive • P.O. Box 13200
Alexandria, LA 71315-3200
Ph: (318) 443-1893 • Fax: (318) 443-2515



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

- 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).
- 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.
- 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.
- 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).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

Results: Children's Advocacy Network, Inc.'s policies and procedures for receipts/collections does not include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions. Additionally, the entity does not have formal written policies and procedures for information technology disaster recovery/business continuity.

Management's Response: The agency will modify its current policy to include procedures for reconciliation of grant reimbursement requests and any other receivables to ensure completeness of all collections for each type of revenue or agency funds.

Additionally, the agency will update its Policy and Procedures Handbook to include information technology disaster recovery/business continuity procedures.

Board or Finance Committee

2. **Procedure:** 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.
 - 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.*
 - 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.

Results: Minutes for five (5) of the twelve (12) months tested did not reference or include financial activity relating to public funds.



PAYNE, MOORE & HERRINGTON, LLP

To the Board of Directors of
Children's Advocacy Network, Inc.
and the Louisiana Legislative Auditor

Management's Response: The agency will modify its current policy to include discussion of agency activity related to public funds at every board meeting throughout the year.

Bank Reconciliations

3. **Procedure:** 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 four (4) additional accounts [or all accounts if less than five (5)]. Randomly select one (1) month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within two (2) months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - 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
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than twelve (12) months from the statement closing date, if applicable.

Results: No exceptions were found as a result of this procedure.

Collections (excluding electronic funds transfers)

4. **Procedure:** 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 five (5) deposit sites [or all deposit sites if less than five (5)].

Results: No exceptions were found as a result of this procedure.

5. **Procedure:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one (1) collection location for each deposit site [i.e., five (5) collection locations for five (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.



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- 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.
- 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.
- 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.

Results: No exceptions were found as a result of this procedure.

6. **Procedure:** 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.

Results: No exceptions were found as a result of this procedure.

7. **Procedure:** Randomly select two (2) deposit dates for each of the five (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). *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 ten (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 (1) business day of receipt at the collection location [within one (1) week if the depository is more than ten (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.

Results: No exceptions were found as a result of this procedure.



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

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

Results: No exceptions were found as a result of this procedure.

9. **Procedure:** 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 (2) employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two (2) employees are involved in processing and approving payments to vendors.
- 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.
- 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.

Results: Children's Advocacy Network, Inc. only has one location that processes payments. During our testing, we noted that the same employee is responsible for processing payments, adding/modifying vendor files, and mailing payments.

Management's Response: The agency will update its Operating Procedures to mandate a separation of duties regarding the processing of payments for any checks which are processed outside of the billing software (manual processing).

10. **Procedure:** 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 five (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.



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

Results: No exceptions were found as a result of this procedure.

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

- 11. **Procedure:** 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.

Results: No exceptions were found as a result of this procedure.

- 12. **Procedure:** Using the listing prepared by management, randomly select five (5) cards [or all cards if less than five (5)] that were used during the fiscal period. Randomly select one (1) monthly statement or combined statement for each card [for a debit card, randomly select one (1) 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.]

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

Results: No exceptions were found as a result of this procedure.

- 13. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten (10) transactions [or all transactions if less than ten (10)] from each statement, and obtain supporting documentation for the transactions [i.e., each card should have ten (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.

Results: No exceptions were found as a result of this procedure.



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

- 14. Procedure:** 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 five (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 five (5) reimbursements selected:
- 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).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe 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 this procedure.

Contracts

- 15. Procedure:** 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 five (5) contracts [or all contracts if less than five (5)] from the listing, excluding the practitioner's contract, and:
- 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.
 - 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).



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- c) 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).
- d) Randomly select one (1) payment from the fiscal period for each of the five (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.

Results: No exceptions were found as a result of this procedure.

Payroll and Personnel

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

Results: No exceptions were found as a result of this procedure.

- 17. Procedure:** Randomly select one (1) pay period during the fiscal period. For the five (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.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: No exceptions were found as a result of this procedure.



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18. Procedure: 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 (2) 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 the entity policy.

Results: No exceptions were found as a result of this procedure.

19. Procedure: 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 this procedure.

Ethics

20. Procedure: Using the five (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 (1) hour of ethics training during the fiscal period.
- 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.

Results: Ethics requirements are not applicable to nonprofits.

Debt Service

21. Procedure: 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.

Results: Debt service requirements are not applicable to nonprofits.



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- 22. Procedure:** 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 (1) 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: Debt service requirements are not applicable to nonprofits.

Fraud Notice

- 23. Procedure:** 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.

Results: No exceptions were found as a result of this procedure.

- 24. Procedure:** 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.

Results: No exceptions were found as a result of this procedure.

Information Technology Disaster Recover/Business Continuity

- 25. Procedure:** 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.
- 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 three (3) months.



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- 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 five (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.

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

Sexual Harassment

26. **Procedure:** Using the five (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 (1) hour of sexual harassment training during the calendar year.

Results: Sexual harassment requirements are not applicable to nonprofits.

27. **Procedure:** 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).

Results: Sexual harassment requirements are not applicable to nonprofits.

28. **Procedure:** 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.

Results: Sexual harassment requirements are not applicable to nonprofits.



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

We are required to be independent of Children's Advocacy Network, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Payne, Moore & Herrington, LLP

Payne, Moore & Herrington, LLP
Alexandria, Louisiana

June 23, 2022