RECONCILE NEW ORLEANS, INC.
AND SUBSIDIARIES

Audits of Financial Statements

December 31, 2022 and 2021

LAPORTE
CPAs & BUSINESS ADVISORS

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Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Reconcile New Orleans, Inc. and Subsidiaries (the Organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, the consolidated statement of financial position as of December 31, 2021, the related consolidated statements of activities, functional expenses, and cash flows for the year 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, 2022, the consolidated financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 within one year after the date that the financial statements are issued or 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 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 accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary 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 10, 2023 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.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 10, 2023

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Statements of Financial Position
December 31, 2022 and 2021

	2022	Consolidated 2021
Assets		
Current Assets		
Cash	**$ 1,618,719**	$ 908,041
Accounts Receivable, Net	**1,510,781**	859,716
Prepaid Expenses and Other Assets	**19,169**	9,512
Total Current Assets	**3,148,669**	1,777,269
Property and Equipment, Net	**3,756,447**	3,935,401
Total Assets	**$ 6,905,116**	$ 5,712,670
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	**$ 135,540**	$ 94,251
Salaries, Taxes, and Withholdings Payable	**61,123**	54,527
Notes Payable, Current Portion	**28,542**	19,747
Total Current Liabilities	**225,205**	168,525
Long-Term Liabilities		
Notes Payable, Less Current Portion	**967,178**	996,457
Total Long-Term Liabilities	**967,178**	996,457
Total Liabilities	**1,192,383**	1,164,982
Net Assets		
Without Donor Restrictions	**4,419,733**	4,094,688
With Donor Restrictions	**1,293,000**	453,000
Total Net Assets	**5,712,733**	4,547,688
Total Liabilities and Net Assets	**$ 6,905,116**	$ 5,712,670

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Grants	$ 367,517	$ 1,990,000	$ 2,357,517
Total Support	367,517	1,990,000	2,357,517
Revenues and Gains			
Restaurant Sales	292,635	-	292,635
Catering Sales	104,540	-	104,540
Contributions and Donations	408,324	-	408,324
Other Revenues, Net	250,742	-	250,742
Federal/State Funding	1,161,673	-	1,161,673
	2,217,914	-	2,217,914
Net Assets Released from Restrictions	1,150,000	(1,150,000)	-
Total Revenues and Gains	3,367,914	(1,150,000)	2,217,914
Total Support and Revenues and Gains	3,735,431	840,000	4,575,431
Expenses			
Program Expenses			
Workforce Development Program	2,490,908	-	2,490,908
Supporting Services			
Management and General	715,980	-	715,980
Fundraising	203,498	-	203,498
Total Expenses	3,410,386	-	3,410,386
Change in Net Assets	325,045	840,000	1,165,045
Net Assets, Beginning of Year	4,094,688	453,000	4,547,688
Net Assets, End of Year	$ 4,419,733	$ 1,293,000	$ 5,712,733

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Grants	$ 206,506	$ 453,000	$ 659,506
Total Support	206,506	453,000	659,506
Revenues and Gains			
Restaurant Sales	227,878	-	227,878
Catering Sales	128,457	-	128,457
Contributions and Donations	620,810	-	620,810
Service Charges	2,690	-	2,690
Other Revenues, Net	493,679	-	493,679
Federal/State Funding	808,897	-	808,897
Rental Income	617	-	617
	2,283,028	-	2,283,028
Net Assets Released from Restrictions	838,250	(838,250)	-
Total Revenues and Gains	3,121,278	(838,250)	2,283,028
Total Support and Revenues and Gains	3,327,784	(385,250)	2,942,534
Expenses			
Program Expenses			
Workforce Development Program	2,226,852	-	2,226,852
Supporting Services			
Management and General	641,816	-	641,816
Fundraising	279,620	-	279,620
Total Expenses	3,148,288	-	3,148,288
Change in Net Assets	179,496	(385,250)	(205,754)
Net Assets, Beginning of Year	3,915,192	838,250	4,753,442
Net Assets, End of Year	$ 4,094,688	$ 453,000	$ 4,547,688

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Supporting Services		
	Workforce Development Program	Management and General	Fundraising	Total
Salaries	$ 1,150,565	$ 371,435	$ 112,977	$ 1,634,977
Employee Benefits	228,711	64,994	49,847	343,552
Student Assistance Expense	245,391	-	-	245,391
Cost of Sales - Food and Beverage	215,938	-	-	215,938
Depreciation	-	199,804	-	199,804
Contractual Services and Professional Fees	138,149	50,326	912	189,387
Utilities	123,238	-	-	123,238
Building and Equipment Repairs	90,951	197	-	91,148
Grant Writing Expense	55,971	6,350	12,708	75,029
Operating Supplies	62,196	4,989	5,052	72,237
Insurance	48,692	-	-	48,692
Meals - Employee	35,928	2,199	1,687	39,814
Marketing and Public Relations	14,728	2,583	17,003	34,314
Technology and Software Maintenance	10,443	2,968	2,276	15,687
Telephone	15,023	-	-	15,023
Uniforms	14,560	-	-	14,560
Credit Card Fees	12,608	-	-	12,608
Interest and Bank Service Charges	9,627	1,351	1,036	12,014
Equipment Rental	7,256	-	-	7,256
Other	1,320	5,226	-	6,546
Volunteer expense	4,198	-	-	4,198
Fees, Dues, and Subscriptions	4,107	-	-	4,107
Storage	-	2,016	-	2,016
Travel	1,308	317	-	1,625
Postage and Delivery	-	1,225	-	1,225
Total	$ 2,490,908	$ 715,980	$ 203,498	$ 3,410,386

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services		
	Workforce Development Program	**Management and General**	**Fundraising**	**Total**
Salaries	$ 968,876	$ 315,965	$ 178,222	$ 1,463,063
Employee Benefits	191,796	74,244	43,309	309,349
Building and Equipment Repairs	271,429	-	-	271,429
Depreciation	-	192,609	-	192,609
Cost of Sales - Food and Beverage	172,172	207	-	172,379
Contractual Services and Professional Fees	116,243	37,467	6,629	160,339
Student Assistance Expense	156,411	-	-	156,411
Utilities	126,206	-	-	126,206
Operating Supplies	60,269	1,998	11,049	73,316
Grant Writing Expense	25,470	-	20,600	46,070
Insurance	27,370	10,595	6,180	44,145
Meals - Employee	28,341	2,991	1,745	33,077
Marketing and Public Relations	11,368	215	4,557	16,140
Telephone	13,249	-	-	13,249
Technology and Software Maintenance	12,416	-	-	12,416
Other	4,275	600	6,525	11,400
Credit Card Fees	9,372	1,373	-	10,745
Interest and Bank Service Charges	9,756	-	-	9,756
Fees, Dues, and Subscriptions	3,641	3,470	804	7,915
Uniforms	5,604	-	-	5,604
Equipment Rental	4,944	-	-	4,944
Volunteer Expense	3,187	-	-	3,187
Postage and Delivery	2,209	-	-	2,209
Storage	1,948	-	-	1,948
Travel	300	82	-	382
Total	$ 2,226,852	$ 641,816	$ 279,620	$ 3,148,288

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

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

		Consolidated
	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	**$ 1,165,045**	$ (205,754)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	**199,804**	192,609
Paycheck Protection Program Loan Forgiveness	**-**	(281,252)
(Increase) Decrease in Operating Assets		
Accounts Receivable, Net	**(651,065)**	95,942
Prepaid Expenses and Other Assets	**(9,657)**	(772)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	**41,289**	23,934
Deferred Revenue	**-**	(10,000)
Salaries, Taxes, and Withholdings Payable	**6,596**	(18,587)
Net Cash Provided by (Used in) Operating Activities	**752,012**	(203,880)
Cash Flows from Investing Activities		
Purchase of Property and Equipment	**(20,850)**	(66,717)
Net Cash Used in Investing Activities	**(20,850)**	(66,717)
Cash Flows from Financing Activities		
Payments on Notes Payable	**(20,484)**	(18,322)
Proceeds from Issuance of Paycheck Protection Program Loan	**-**	281,252
Net Cash (Used in) Provided by Financing Activities	**(20,484)**	262,930
Net Increase (Decrease) in Cash	**710,678**	(7,667)
Cash, Beginning of Year	**908,041**	915,708
Cash, End of Year	**$ 1,618,719**	$ 908,041
Supplemental Disclosure of Cash Flow Information		
Interest Expense Paid During the Year	**$ 4,874**	$ 4,923

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

Note 1. Background and General Data

Reconcile New Orleans, Inc. (RNO) is a not-for-profit organization with the mission to transform the lives of young adults and the community through the ministry of reconciliation. RNO was initially founded as LSF Foundation named Desire, Inc., incorporated on January 10, 1997 and changed to its current corporate name on October 21, 2002. RNO's Workforce Development Program provides on the job training in the hospitality industry, life skill instruction, and ongoing mentoring to connect program participants to employment or other wrap around supports.

In previous years, RNO operated through its wholly-owned subsidiaries:

- Reconcile New Orleans, Inc. operates a restaurant business and also houses most corporate functions, such as accounting, HR, marketing, and executive offices.
- Café Reconcile Catering, LLC (Catering) catered events of varying sizes throughout the New Orleans metropolitan area. This entity was dissolved on December 6, 2021.
- Café Reconcile Landlord, LLC (Landlord) leased land and property from RNO and subleased said property and land to Café Reconcile Tenant, LLC. This entity was dissolved on November 2, 2020.
- Café Reconcile Tenant, LLC (Tenant) leased land and property from Landlord. This entity was dissolved on November 2, 2020.
- Reconcile New Orleans Investments, LLC (Investments) held RNO's interest in Tenant. This entity was dissolved on December 9, 2021.

The dissolved entities no longer do business, owe debt, or own assets. Any remaining assets, liabilities, and net assets were transferred to RNO as of December 31, 2021.

Basis of Accounting

The financial statements of RNO have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements for the year ended December 31, 2021 included RNO's wholly-owned subsidiaries, through the dates they were dissolved. RNO had direct authority to determine the financial and operating functions for these entities. The assets, liabilities, revenue, and expenses of the individual subsidiaries were fully consolidated. All intercompany balances and transactions were eliminated at the consolidated financial statement level.

Note 2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying financial statements have been prepared to focus on RNO as a whole and to present its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of RNO and changes therein are classified and reported in two classes of net assets - without donor restrictions and with donor restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of RNO are included in this category.

Net Assets With Donor Restrictions - Net assets that include gifts and contributions for which donor-imposed restrictions have not been met. Some income is reflected in net assets with donor restrictions until utilized for donor-imposed restrictions.

Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as a decrease in net assets with donor restrictions.

Use of Estimates

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

Cash

For the purposes of the statements of cash flows, RNO considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2022 or 2021.

Revenue Recognition

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, requires revenues to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. This standard does not impact RNO’s recognition of revenue from restaurant or catering sales as those sales are recognized on a cash basis at the time of the underlying sale and are presented net of sales tax and other sales-related taxes. Rental income is also not impacted by this standard as those revenues are subject to the guidance in ASC 840, *Leases*.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions, Donations, and Grants

Contributions, donations, and grants are recorded as revenue when an unconditional promise to give has been made. Contributions, donations, and grants are considered available for RNO's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as increases in net assets with donor restrictions. Amounts received with donor restrictions that are met in the same reporting period are reported as increases in net assets without donor restrictions.

State Funding

A portion of RNO's revenue is derived from cost-reimbursable state contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when RNO has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding accounts receivable and charges to expense any balances that are determined to be non-collectible or establishes an allowance for doubtful accounts. There was no allowance for doubtful accounts at December 31, 2022 and 2021.

Property and Equipment

Land, buildings, building improvements, furniture and fixtures, and equipment are recorded at cost or estimated cost. Donated items received are recorded at the fair value at time of receipt. RNO capitalizes all fixed asset acquisitions greater than $1,000. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. Equipment purchased with grant funds that revert to the funding source are expensed at time of acquisition without consideration of cost. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized.

Note 2. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Buildings, building improvements, furniture and fixtures, and equipment are depreciated using the straight-line method and the following estimated useful lives:

Assets	Estimated Useful Lives
Buildings	20 Years
Building Improvements	15 Years
Furniture and Fixtures	5 Years
Equipment	5 Years
Other Assets	5 Years

Impairment of Long-Lived Assets

RNO reviews its long-lived assets, including property and equipment and other intangibles, for impairment when an event or change in facts and circumstances indicates that their carrying amount may not be recoverable, but at least annually. RNO determines recoverability of the assets by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate or estimated fair values in the case of nonrevenue generating assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. There were no such charges for impairment during the years ended December 31, 2022 and 2021.

Income Taxes

RNO is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain.

RNO believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Note 2. Summary of Significant Accounting Policies (Continued)

Advertising Expense
RNO expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022 and 2021 totaled $13,793 and $6,159, respectively.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, contractual services and professional fees, building and equipment repairs, grant writing expense, operating supplies, meals - employee, marketing and public relations, technology and software maintenance, interest and bank service charges, fees, dues and subscriptions, travel, and other, which are allocated on the basis of estimates of time and effort.

Recent Accounting Pronouncements
In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement 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. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. RNO adopted Topic 842 on January 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, RNO has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with RNO's historical accounting treatment under ASC Topic 840, *Leases*.

RNO elected to adopt the package of practical expedients under the transition guidance within Topic 842, which among other things, allowed it to carry forward the historical lease classification, and has not elected to adopt the hindsight practical expedient. RNO made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. RNO has also made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component.

RNO deemed that the adoption of Topic 842 related to its operating leases was not material to the financial statements for the recognition of ROU assets and lease liabilities, results of operations, cash flows, or debt covenants.

Note 3. Grants Receivable

Grants receivable at December 31, 2022 and 2021 totaled $1,127,500 and $481,875, respectively, and are included in accounts receivable, net, on the statements of financial position. This amount represents grants pledged, but not yet received. Grants receivable are primarily from pledges that have a time restriction attached to them.

Note 4. Concentration of Risk

RNO periodically maintains deposits in financial institutions that exceed the insured amount of $250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). RNO believes it is not exposed to any significant credit risk to cash. At December 31, 2022 and 2021, the amount RNO had in excess of the FDIC insured limit totaled $1,203,104 and $310,361, respectively.

Note 5. Property and Equipment, Net

At December 31, 2022 and 2021, property and equipment consisted of the following:

				Consolidated
		2022		2021
Land	**$**	**264,402**	$	264,402
Buildings and Improvements		**4,790,170**		4,790,170
Furniture and Fixtures		**550,599**		531,107
Equipment		**618,759**		617,401
Other Assets		**12,250**		12,250
		6,236,180		6,215,330
Less: Accumulated Depreciation		**(2,479,733)**		(2,279,929)
Total Property and Equipment, Net	**$**	**3,756,447**	$	3,935,401

Depreciation expense totaled $199,804 and $192,609 for the years ended December 31, 2022 and 2021, respectively.

Note 6. Commitments and Contingencies

RNO is a recipient of grants which are governed by contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of RNO and subject to audit and/or review by the applicable funding source. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions are for the following purposes or periods:

	2022	Consolidated 2021
Subject to Expenditure for Specific Purpose		
Graduation Stipend	$ 50,000	$ -
Workforce Grant	65,000	-
Executive Coaching	3,000	3,000
	118,000	3,000
Subject to the Passage of Time		
Available for General Use	1,175,000	450,000
Total	$ 1,293,000	$ 453,000

Note 8. Net Assets Released from Restrictions

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2022	Consolidated 2021
Subject to Expenditure for Specific Purpose		
Efforts to Outcome Data Project	$ -	$ 32,000
Racial Equity Initiatives	-	25,000
Alternative Employment Pathways	-	30,000
	-	87,000
Subject to the Passage of Time		
Available for General Use	1,150,000	751,250
Total	$ 1,150,000	$ 838,250

Note 9. Notes Payable

At December 31, 2022 and 2021, notes payable consisted of the following:

		Consolidated
	2022	2021
On November 8, 2011, RNO executed a promissory note payable to Gulf Coast Housing Development, Inc. in the sum of $765,828 to bear an interest rate of 0% through maturity at December 31, 2041. The entire principal balance of the note is due and payable in full at the earlier of December 31, 2041 or upon sale or refinance of the loan.	**$ 765,828**	$ 765,828
On November 8, 2011, RNO entered into a note payable with New Orleans Redevelopment Authority, a public entity, for $350,000 to pay costs and expenses associated with the rehabilitation of the building located at 1631 Oretha Castle Haley Boulevard with a stated interest rate of 2% per annum. The note matures on the earlier of the borrower's sale or refinance of the property or fifteen (15) years from the date of issuance of the building's temporary or permanent certificate of occupancy, not to exceed sixteen (16) years from the date of the loan agreement. Such payments shall commence one (1) year following issuance of a temporary or permanent certificate of occupancy. The loan is payable in monthly installments.	**229,892**	250,376
Total Notes Payable	**995,720**	1,016,204
Less: Current Portion of Notes Payable	**(28,542)**	(19,747)
Total Notes Payable, Less Current Portion	**$ 967,178**	$ 996,457

Note 9. Notes Payable (Continued)

Future scheduled maturities of notes payable are as follows:

Year Ending December 31,		Amount
2023	$	28,542
2024		20,758
2025		21,283
2026		21,821
2027		22,373
Thereafter		880,943
Total	$	995,720

The $350,000 note payable noted above is separated into two promissory notes: Promissory note A, totaling $305,462, of which the terms are explained above, and Promissory note B, totaling $44,538. Promissory note B states that RNO shall have no obligations to make any payment on the note if there is no default in any of the conditions agreed to. At the maturity date of this note, if all conditions are met, the $44,538 will be recognized as income.

Note 10. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

				Consolidated
		2022		2021
Cash	**$**	**1,618,719**	$	908,041
State Funding Receivable		**320,551**		258,657
Trade Receivables		**16,116**		10,018
Total	**$**	**1,955,386**	$	1,176,716

As part of its liquidity management plan, RNO invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

Note 11. Paycheck Protection Program Loan

On January 29, 2021, RNO obtained a second loan from Home Bank under the Small Business Administration (SBA) Paycheck Protection Program (PPP) totaling $281,592.

Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met.

RNO received forgiveness from the SBA for the second PPP loan plus interest in the total amount of $281,252 during the year ended December 31, 2021. The amount of the loan forgiveness is presented as a component of other revenues, net, on the accompanying consolidated statement of activities for the year ended December 31, 2021.

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or the repayment of the loan.

Note 12. Employee Retention Credit

The Employee Retention Credit (ERC) was originally introduced under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, but was later extended and expanded under the Consolidated Appropriations Act. The ERC is a refundable tax credit against certain employment taxes related to qualified wages, including certain health care costs, an eligible employer paid to employees after March 12, 2020 and before October 1, 2021.

RNO has determined that it qualifies for the ERC program and is eligible for the credit. RNO has applied for the ERC and has filed amended payroll tax returns for 2021 and 2020. In accordance with FASB ASC 958-605, the ERC funds are deemed a conditional grant. Conditions for this grant include incurring qualifying expenses.

RNO received $289,349 and $137,918 refundable tax credits during the years ended December 31, 2022 and 2021, respectively, related to the ERC which have been recognized as other revenue, net, in the statements of activities as conditions have been substantially met.

Note 13. Retirement Plan

Effective January 1, 2021, a traditional 401(k) Safe Harbor plan was established in which RNO participates. Employees are eligible to enroll in the plan after 60 days of employment and can contribute up to the federally designated limit. RNO contributions are limited to the maximum of four percent (4%) of an eligible employee's total compensation. These contributions include a three percent (3%) safe harbor election and a one quarter percent (0.25%) match for each one percent (1%) contributed by the employee up to a maximum of one percent (1%).

Retirement plan expense for RNO totaled $33,819 and $35,701 for the years ended December 31, 2022 and 2021, respectively.

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 10, 2023, and determined that no events occurred that required adjustment to, or disclosure in, the financial statements. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2022

Agency Head
Gerald Duhon, Executive Director

Purpose	Amount
Salary	$139,512
Bonus	$0
Benefits - Insurance	$10,518
Benefits - Retirement	$0
Benefits - Other	$521
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$0

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 to be reported as a supplemental report within the financial statement or local government 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 received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

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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
Reconcile New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Reconcile New Orleans, Inc. and Subsidiaries (the Organization), which comprise the statement of financial position as of December 31, 2022, 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 10, 2023.

Internal Control Over Financial Reporting
In planning and performing our audit of the 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 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

LaPorte

A Professional Accounting Corporation

Covington, LA
June 10, 2023

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
Reconcile New Orleans, Inc. and Subsidiaries
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Reconcile New Orleans, Inc. and Subsidiaries (the Organization) 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 the Organization's major federal programs for the year ended December 31, 2022. The Organization'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, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 the Organization 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 the Organization's compliance requirements referred to above.

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

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Organization'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 the Organization '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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of Reconcile New Orleans, Inc. and Subsidiaries as of and for the year ended December 31, 2022, and have issued our report thereon dated June 10, 2023, which contained an unmodified opinion on those financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 10, 2023

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor or Pass-Through Grantor and Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures Incurred During the Year Ended December 31, 2022
U.S. Department of Labor			
Passed through Strive International, Inc. (STRIVE)			
STRIVE Future Leaders Education and Advancement Partnership (Future LEAP)	17.270	YF-36574-21-60-A-36	$ 177,015
Total U.S. Department of Labor			177,015
U.S. Department of Agriculture, Food and Nutrition Services USDA			
Passed through The State of Louisiana Department of Children and Family Services			
SNAP Cluster			
State Administrative Matching Grants for Food Stamp Program (SNAP)	10.561	LA420142	984,658
Total U.S. Department of Agriculture, Food and Nutrition Services USDA			984,658
Total SNAP Cluster			984,658
Total Expenditures of Federal Awards			$ 1,161,673

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Reconcile New Orleans, Inc. and Subsidiaries (RNO) under programs of the federal government for the year ended December 31, 2022. The information in the 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 RNO, it is not intended to, and does not present the financial position, changes in net assets, or cash flows of RNO.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

RNO uses indirect cost rates negotiated and approved by the grant awarding agencies, and has elected not to use the 10% de minimis indirect cost rate as provided for in Section 200.414 of the Uniform Guidance.

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?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program	Assistance Listing Number
State Administrative Matching Grants for Food Stamp Program (SNAP)	10.561

Dollar threshold used to determine Type A Programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

None.

Section III. Findings and Questioned Costs for Federal Awards

None.

RECONCILE NEW ORLEANS, INC. AND SUBSIDIARIES
Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

None.

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AGREED-UPON PROCEDURES REPORT

Reconcile New Orleans, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2022 - December 31, 2022

To the Board of Directors
Reconcile New Orleans, Inc. and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on Reconcile New Orleans, Inc.'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, 2022 through December 31, 2022. Reconcile New Orleans, Inc.'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, 2022 through December 31, 2022. 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

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

2) Board or Finance Committee

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

3) Bank Reconciliations

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 (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 these procedures.

4) Collections (excluding electronic funds transfers)

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.

Not applicable.

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

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: We noted the following exceptions: For B(iv) we noted that the same person responsible for processing payments is also responsible for mailing checks.

Management's Response: In 2022, Reconcile New Orleans Inc.'s accounting department was staffed with two full-time staff members. Segregation of duties is implemented to ensure internal control oversight over material accounting procedures. In 2023, the Organization on-boarded an Accounting Specialist, which will allow for better segregation of duties and restructuring of operational workflow. This staff member is responsible for processing payments, and the mailing of payments is assigned to a separate team member.

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

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, <u>excluding fuel cards</u>, 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: No exceptions were found as a result of these procedures.

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);

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

9) Payroll and Personnel

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 these procedures.

10) Ethics

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.

Not applicable.

11) Debt Service

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).

Not applicable.

12) Fraud Notice

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 these procedures.

13) Information Technology Disaster Recovery/Business Continuity

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.

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

14) Prevention of Sexual Harassment

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 1st, 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.

   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.

LaPorte

A Professional Accounting Corporation

Covington, LA
June 10, 2023