

Financial Report

Rebuilding Together New Orleans, Inc.

December 31, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Rebuilding Together New Orleans, Inc.,
New Orleans, Louisiana.

Opinion

We have audited the accompanying financial statements of Rebuilding Together New Orleans, Inc. (RTNO) (a non-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RTNO as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 RTNO 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 RTNO'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, including omissions, 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 RTNO'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 RTNO's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for the purposes of additional analysis, as required by Louisiana Revised Statute 24:513(A)(3), and is not a required part of the financial statements. Such information in Schedule 1 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. Such information in Schedule 1 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 in Schedule 1 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 16, 2022, on our consideration of RTNO'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 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 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 RTNO's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 16, 2022.

STATEMENTS OF FINANCIAL POSITION

Rebuilding Together New Orleans, Inc.
New Orleans, Louisiana

December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 1,820,305	\$ 3,125,014
Private grants receivable	164,775	111,756
Government grants receivable	221,744	121,903
Other receivables	4,950	8,500
Investments	1,998,848	-
Prepaid expenses	19,083	21,199
Other assets	73,251	66,830
Property and equipment, net	644,955	620,210
Total assets	<u>\$ 4,947,911</u>	<u>\$ 4,075,412</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 20,000	\$ 35,842
Accrued expenses	20,501	59,239
Note payable	73,974	73,974
Total liabilities	<u>114,475</u>	<u>169,055</u>
Net Assets		
Without donor restrictions:		
Undesignated	1,472,805	1,089,988
Designated	1,943,293	1,943,293
Total without donor restrictions	3,416,098	3,033,281
With donor restrictions	1,417,338	873,076
Total net assets	<u>4,833,436</u>	<u>3,906,357</u>
Total liabilities and net assets	<u>\$ 4,947,911</u>	<u>\$ 4,075,412</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Rebuilding Together New Orleans, Inc.**
New Orleans, Louisiana

For the year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenue			
Contributions	\$ 324,605	\$ 145,698	\$ 470,303
Grant income	918,555	803,936	1,722,491
Paycheck Protection Program loan forgiveness	101,518	-	101,518
Rental income	7,800	-	7,800
Interest income	3,937	-	3,937
Investment income, net	56,897	-	56,897
Gain on disposal of asset	780	-	780
Other income	104,440	-	104,440
Net assets released from restrictions satisfaction of restrictions	405,372	(405,372)	-
Total support and revenue	<u>1,923,904</u>	<u>544,262</u>	<u>2,468,166</u>
Expenses			
Program services	1,404,671	-	1,404,671
General and administrative	136,416	-	136,416
Total expenses	<u>1,541,087</u>	<u>-</u>	<u>1,541,087</u>
Changes in net assets	382,817	544,262	927,079
Net Assets			
Beginning of year	<u>3,033,281</u>	<u>873,076</u>	<u>3,906,357</u>
End of year	<u>\$ 3,416,098</u>	<u>\$ 1,417,338</u>	<u>\$ 4,833,436</u>

See notes to financial statements.

STATEMENT OF ACTIVITIES**Rebuilding Together New Orleans, Inc.**
New Orleans, Louisiana

For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Support and Revenue			
Contribution - RTNO a program of the Preservation Resource Center	\$ 440,293	\$ -	\$ 440,293
Contributions	131,080	5,000	136,080
Settlements	1,943,293	-	1,943,293
Grant income	625,114	399,330	1,024,444
Paycheck Protection Program loan forgiveness	131,500	-	131,500
Rental income	4,500	-	4,500
Interest income	8,784	-	8,784
Gain on sale of asset	997	-	997
Other income	56,581	-	56,581
Net assets released from restrictions satisfaction of restrictions	<u>154,005</u>	<u>(154,005)</u>	<u>-</u>
 Total support and revenue	 <u>3,496,147</u>	 <u>250,325</u>	 <u>3,746,472</u>
Expenses			
Program services	879,221	-	879,221
General and administrative	<u>105,190</u>	<u>-</u>	<u>105,190</u>
 Total expenses	 <u>984,411</u>	 <u>-</u>	 <u>984,411</u>
 Changes in net assets	 2,511,736	 250,325	 2,762,061
Net Assets			
Beginning of year	<u>521,545</u>	<u>622,751</u>	<u>1,144,296</u>
End of year	<u>\$ 3,033,281</u>	<u>\$ 873,076</u>	<u>\$ 3,906,357</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Rebuilding Together New Orleans, Inc.**
New Orleans, Louisiana

For the year ended December 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Totals</u>
Americorp expense	\$ 13,453	\$ -	\$ 13,453
Bank charges	-	1,359	1,359
Construction expenses	673,462	-	673,462
Depreciation	23,591	-	23,591
Dues and subscriptions	20,550	1,896	22,446
Employee benefits	35,952	5,443	41,395
Facility and equipment expenses	18,194	3,680	21,874
Insurance	49,924	1,130	51,054
Miscellaneous	7,759	417	8,176
Payroll taxes	35,785	9,226	45,011
Professional fees	10,459	1,090	11,549
Salaries	467,056	110,616	577,672
Telephone	16,014	1,153	17,167
Travel expense	17,148	406	17,554
Utilities	3,741	-	3,741
Volunteer expenses	11,583	-	11,583
	<u>\$ 1,404,671</u>	<u>\$ 136,416</u>	<u>\$ 1,541,087</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Rebuilding Together New Orleans, Inc.**
New Orleans, Louisiana

For the year ended December 31, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Totals</u>
Americorp expense	\$ 13,597	\$ -	\$ 13,597
Bank charges	-	616	616
Construction expenses	215,319	-	215,319
Depreciation	17,408	-	17,408
Dues and subscriptions	17,663	1,440	19,103
Employee benefits	29,183	5,890	35,073
Facility and equipment expenses	20,427	1,411	21,838
Insurance	53,725	1,696	55,421
Miscellaneous	12,890	51	12,941
Payroll taxes	32,827	6,625	39,452
Professional fees	9,570	790	10,360
Salaries	418,717	84,505	503,222
Telephone	13,999	1,005	15,004
Travel expense	9,720	1,161	10,881
Utilities	4,338	-	4,338
Volunteer expenses	9,838	-	9,838
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 879,221</u>	<u>\$ 105,190</u>	<u>\$ 984,411</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS**Rebuilding Together New Orleans, Inc.**
New Orleans, Louisiana

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 927,079	\$ 2,762,061
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	23,591	17,408
Gain on sale of property and equipment	(780)	(997)
Paycheck Protection Program loan forgiveness	(101,518)	(131,500)
Realized and unrealized gain on investments	(61,701)	-
(Increase) decrease in operating assets:		
Private grants receivable	(53,019)	(91,756)
Government grants receivable	(99,841)	(96,171)
Other receivables	3,550	(7,650)
Prepaid expenses	2,116	(20,678)
Other assets	(6,421)	(66,830)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(15,842)	(15,573)
Accrued expenses	(38,738)	31,681
Net cash provided by operating activities	<u>578,476</u>	<u>2,379,995</u>
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	1,743,235	-
Investment purchases	(3,680,382)	-
Purchases of property and equipment	(47,556)	(30,750)
Net cash used in financing activities	<u>(1,984,703)</u>	<u>(30,750)</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	<u>101,518</u>	<u>131,500</u>
Net Increase (Decrease) in Cash	(1,304,709)	2,480,745
Cash		
Beginning of year	<u>3,125,014</u>	<u>644,269</u>
End of year	<u>\$ 1,820,305</u>	<u>\$ 3,125,014</u>
Supplementary Non-Cash Investing Activities		
Trade-in value of property used to purchase vehicle	<u>\$ 4,000</u>	<u>\$ -</u>
See notes to financial statements.		

NOTES TO FINANCIAL STATEMENTS**Rebuilding Together New Orleans, Inc.**
New Orleans, Louisiana

December 31, 2021 and 2020

Note 1 - NATURE OF ACTIVITIES

Rebuilding Together New Orleans, Inc. (RTNO) is a nonprofit organization, which preserves and enhances targeted historical neighborhoods of New Orleans through community revitalization projects. Previously RTNO operated as a program within Preservation Resource Center (PRC). As part of the cooperative endeavor agreement with PRC, RTNO began operations as a separate non-profit organization on March 21, 2019. RTNO's mission is to repair homes, revitalize communities, and rebuild lives. RTNO executes that mission and improves the quality of life of low-income homeowners, particularly those who are elderly, disabled, veterans, or single head of households with minor children, through home repair and revitalization of New Orleans' neighborhoods. RTNO focuses on the residents in Orleans Parish using a combination of volunteer and professional labor.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

RTNO is a nonprofit organization organized under the laws of the State of Louisiana and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the IRC.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2021, management believes it has no uncertain tax positions.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The financial statements of RTNO are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

c. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that impact certain reported amounts and disclosures. Actual results could differ from those estimates.

d. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RTNO and changes therein are classified and reported as:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of RTNO and/or the passage of time or net assets subject to donor-imposed stipulations that are to be held in perpetuity by RTNO.

e. Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, RTNO considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

f. Investments

Investments are reported at fair value or estimated fair value based on quoted market prices for the investments. Realized and unrealized gains and losses are included in investment income in the accompanying Statements of Activities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Property and Equipment

Property and equipment is recorded at cost. Donated assets are recorded at fair value at the date of donation. RTNO capitalizes all expenditures for equipment in excess of \$1,000. Repairs and maintenance are charged to expense as incurred; major renewals, replacements, and betterments are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Years</u>
Building and building improvements	39
Vehicles	5

Depreciation expense was \$23,591 and \$17,408 for the years ended December 31, 2021 and 2020, respectively.

h. Allowance for Doubtful Accounts

An allowance for doubtful accounts is estimated based on existing economic conditions. Management closely monitors outstanding receivables and charges off to expense any balances that are determined to be uncollectible and establishes an allowance for estimated uncollectible receivables. There was no allowance as of December 31, 2021 and 2020.

i. Revenue Recognition

Revenues from Exchange Transactions: RTNO recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenues from Contracts with Customers*, as amended. ASU No. 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. RTNO records the following exchange transaction revenue in its Statements of Activities for the years ended December 31, 2021 and 2020:

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Revenue Recognition (Continued)

Fee for Service Income: RTNO records fee for service income, which is included in other income on the Statements of Activities, when the service provided is complete. Fee for service income is not considered material to the financial statements

j. Contributions

Contributions are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net asset with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as support without donor restrictions.

Non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

k. Donated Services of Volunteers

In addition, volunteers from throughout the community provide unskilled labor in conjunction with various home repair projects. The value of these services, which was estimated to be approximately \$286,000 and \$192,000 for the years ended December 31, 2021 and 2020, respectively, are not recognized in the accompanying financial statements due to the unspecialized nature of these services.

l. Method Used for Allocation of Expenses

All of the expenses are directly allocated to one of the programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Recently Issued Accounting Standards

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statements of Activities and the Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. RTNO is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2021, the FASB issued ASU No. 2021-09, "*Lease Discount Rate for Leases That Are Not Public Business Entities*" (Topic 842) *Discount Rate for Lessees That Are Not Public Business Entities* (ASU-2021-09). This ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Recently Issued Accounting Standards (Continued)

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958), the amendments in this update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes property and equipment (such as land, buildings, and equipment), use of property and equipment utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for fiscal years beginning after June 15, 2021. RTNO is evaluating the full effect that the adoption of this standard will have on its financial statements.

n. Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation.

o. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 16, 2022, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATIONS

RTNO maintains deposits with a local financial institution. The account at the institution is insured by the U.S. Federal Deposit Insurance Corporation up to \$250,000 per account. The balances at times may exceed federally insured limits. As of December 31, 2021, there was approximately \$1,500,000 in excess of insured amounts.

Note 4 - GRANTS RECEIVABLE

The details of grants receivable as of December 31, 2021 and 2020 are as follows:

	2021	2020
Private grants receivable:		
First Bank and Trust (Bank Plus)	\$ 25,000	\$ -
Baptist Community Ministries	24,375	22,750
Home Depot Foundation	-	87,506
Rebuilding Together, Inc.	100,400	1,500
Visualize and Rize	15,000	-
Total private grants receivable	164,775	111,756
Government grants receivable:		
City of New Orleans - CDBG grants	180,244	102,308
State of Louisiana - Volunteer Louisiana Commission	41,500	19,595
Total government grants receivable	221,744	121,903
Total grants receivable	\$386,519	\$233,659

Note 5 - INVESTMENTS

Investments as of December 31, 2021 are comprised of the following:

	Cost	Fair Market Value	Excess of Market Over Cost (Cost over Market)
Mutual funds:			
Equity	\$ 1,240,692	\$ 1,278,513	\$ 37,821
Fixed income	727,960	720,335	(7,625)
Totals	\$ 1,968,652	\$ 1,998,848	\$ 30,196

Note 5 - INVESTMENTS (Continued)

	Cost	Market Value	Excess of Market Over Cost
Balance, December 31, 2021	\$ 1,968,652	\$ 1,998,848	\$ 30,196
Balance, December 31, 2020	\$ -	\$ -	-
Increase in unrealized appreciation			30,196
Realized gain on investments			31,505
Total			61,701
Less investment expense			(4,804)
Total investment income			\$ 56,897

Note 6 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that RTNO has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 6 - FAIR VALUE MEASUREMENTS (Continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by RTNO are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by RTNO are deemed to be actively traded.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while RTNO believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of December 31, 2021 are comprised of and determined as follows:

<u>Description</u>	<u>Fair Value As Of December 31, 2021</u>	<u>Based on</u>		
		<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
<i>Mutual funds:</i>				
Equity	\$ 1,278,513	\$ 1,278,513	\$ -	\$ -
Fixed income	<u>720,335</u>	<u>720,335</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,998,848</u>	<u>\$ 1,998,848</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2021, there were no assets measured at fair value on a non-recurring basis.

Note 7 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of December 31, 2021 and 2020:

	2021	2020
Land	\$ 120,600	\$ 120,600
Buildings and improvements	482,906	469,400
Vehicles	81,550	49,100
	685,056	639,100
Less: accumulated depreciation and amortization	(40,101)	(18,890)
	\$ 644,955	\$ 620,210

Note 8 - NOTE PAYABLE

On December 20, 2019, RTNO entered into a three year interest free promissory note with PRC in the amount of \$73,974 with a maturity date of December 20, 2022. If the note payable is not paid in full on the maturity date the interest rate will be 5% per annum. The note payable is secured with property. As of December 31, 2021 and 2020, the balance on the note payable was \$73,974. The total maturities of expected repayments of long-term debt as of December 31, 2021 are as follows:

Year Ending December, 31	
2022	\$ 73,974

Note 9 - BOARD DESIGNATIONS

Board designations consist of the following as of December 31, 2021 and 2020:

	2021	2020
Future needs of the ongoing mission	\$1,943,293	\$1,943,293

Note 10 - RESTRICTED NET ASSETS

Net assets with donor restrictions are assets restricted by donors and grantors for specific purposes or are available for subsequent periods. These restrictions are considered to expire when payments for restricted purposes are made.

Net assets with donor restrictions as of December 31, 2021 and 2020 are available for the following purposes:

	2021	2020
Hurricane Ida relief and recovery	\$ 841,329	\$ -
Job training	448,986	468,746
Home repairs for low income families	50,805	167,500
Home repairs for low income veterans	68,718	141,830
Home repairs for New Orleans East families	7,500	75,000
Safe at Home Program	-	20,000
Total net assets with donor restrictions	\$ 1,417,338	\$873,076

Net assets released from restrictions for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Purpose restrictions satisfied:		
Home repairs for low income families	\$167,500	\$100,000
Home repairs for low income veterans	123,111	-
Home repairs for New Orleans East families	75,000	-
Job training	19,761	-
Safe at Home Program	20,000	-
Tornado recovery in New Orleans East	-	49,005
Martin Luther King Jr. Day Service Event	-	5,000
Totals purpose restrictions satisfied	\$405,372	\$154,005

Note 11 - GOVERNMENT GRANTS

Government grants require the fulfillment of certain conditions as set forth in the grant instruments. RTNO intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to grantors.

Note 12 - CHINESE DRYWALL SETTLEMENT

During 2010, RTNO, operating as a program within PRC, became aware that drywall obtained from another local non-for-profit organization and installed in the homes of approximately twenty-five RTNO clients was contaminated with Chinese drywall. A settlement was reached on February 13, 2020 with the manufacturer, Taishan Gypsum Co., Ltd. in the amount of \$1,398,870. A separate settlement was reached on June 30, 2020 with the insurance company, AIG, in the amount of \$488,984. RTNO also received \$55,475 in attorney fee reimbursements. The amount was recognized as revenue in the year ended December 31, 2020 on the Statement of Activities.

Note 13 - PAYCHECK PROTECTION PROGRAM

On January 24, 2021 and April 23, 2020, RTNO received \$101,518 and \$131,500, respectively, of loan proceeds from Hancock Whitney Bank under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). The loans were repaid by the SBA (forgiven) on June 22, 2021 and January 19, 2021, respectively, and all expenditures paid from the loan proceeds were approved as eligible for loan forgiveness under the requirements of the PPP. The funding was recognized as revenue in the years ended December 31, 2021 and 2020.

Note 14 - LEASES

RTNO leases building space. The two lease terms in effect during the years ended December 31, 2021 and 2020 were for the period January 1, 2020 through October 31, 2020 with monthly lease payments of \$1,100 and for the period November 1, 2020 through October 31, 2021 with monthly lease payments of \$600. Beginning November 1, 2021 lease payments are month-to-month. Rental payments were postponed for a period of time in 2020 due to the COVID-19 pandemic. Rental income was \$7,800 and \$4,500 for the years ended December 31, 2021 and 2020, respectively, and recorded in other income on the Statements of Activities.

Note 15 - NATIONAL AFFILIATE

RTNO is a local chapter of Rebuilding Together, Inc., its national affiliate. Rebuilding Together, Inc. provides capacity building, funding opportunities, and administrative services (insurance policies) on behalf of RTNO. As of December 31, 2021 there were no amounts due to Rebuilding Together, Inc. As of December 31, 2020, \$42,825 was due to Rebuilding Together, Inc. for insurance expense. Additionally, RTNO remits a percentage of its gross annual receipts as part of its annual dues. As of December 31, 2021 and 2020, \$22,446 and \$19,103 was paid to Rebuilding Together, Inc. for annual dues expense, respectively.

Note 16 - CONSTRUCTION COMMITMENTS

During 2021, RTNO entered into construction contracts for seven homes totaling approximately \$287,500. As of December 31, 2021, RTNO incurred approximately \$140,800 in expenses related to these contracts.

Note 17 - AVAILABILITY OF FINANCIAL ASSETS

RTNO is substantially supported by contributions and grants with and without donor restrictions. Because a donor's restrictions requires resources to be used in a particular manner or in a future period, RTNO must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditure within one year. As part of RTNO's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. RTNO has established guidelines for making decisions related to managing short-term cash reserves in a prudent manner.

The following reflects RTNO's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed restrictions and board designations.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,820,305	\$ 3,125,014
Private grant receivable	164,775	111,756
Government grant receivable	221,744	121,903
Other receivables	4,950	8,500
Investments	<u>1,998,848</u>	<u>-</u>
Total financial assets as of December 31, 2021 and 2020	4,210,622	3,367,173
Less amounts unavailable for general expenditures within one year, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions	<u>(1,417,338)</u>	<u>(873,076)</u>
Financial assets available to meet cash needs for general expenditures within one year before board designations	2,793,284	2,494,097
Less board designations	<u>(1,943,293)</u>	<u>(1,943,293)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 849,991</u>	<u>\$ 550,804</u>

SUPPLEMENTAL INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Rebuilding Together New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2021

Agency Head Name: William Stoudt, Executive Director

Purpose

Salary	\$	0
Benefits - insurance		0
Benefits - retirement		0
Benefits - other		0
Car allowance		0
Vehicle provided by government		0
Per diem		0
Reimbursements		0
Travel		0
Registration fees		0
Conference travel		0
Continuing professional education fees		0
Housing		0
Unvouchered expenses		0
Special meals		0
		<hr/>
	\$	<hr/> <hr/> 0

Note:

No public funds were used to pay Mr. Stoudt's salary, benefits, or any other compensation during the year ended December 31, 2021.

SPECIAL REPORTS BY CERTIFIED PUBLIC ACCOUNTANTS

**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,
Rebuilding Together New Orleans, Inc.,
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 Rebuilding Together New Orleans, Inc. (RTNO), 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, which collectively comprise RTNO's basic financial statements, and have issued our report thereon dated June 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered RTNO'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 RTNO's internal control. Accordingly, we do not express an opinion on the effectiveness of RTNO'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 RTNO'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 over financial reporting 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 a material weakness 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RTNO's financial statements are free of 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 RTNO'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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 16, 2022.

SCHEDULE OF FINDINGS AND RESPONSES

Rebuilding Together New Orleans, Inc. New Orleans, Louisiana

For the year ended December 31, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

RTNO did not receive federal awards in excess of \$750,000 during the year ended December 31, 2021 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings reported during the audit for the year ended December 31, 2021 related to internal control over financial reporting.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2021.

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control/Compliance

RTNO did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Rebuilding Together New Orleans, Inc. New Orleans, Louisiana

For the year ended December 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2020.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2020.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2020.

Section II - Federal Award Findings and Questioned Cost

RTNO did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN
ON CURRENT YEAR FINDINGS

Rebuilding Together New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2021

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2021.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2021.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

RTNO did not expend federal awards in excess of \$750,000 during the year ended December 31, 2021 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2021.

STATEWIDE AGREED-UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
Rebuilding Together New Orleans, Inc.,
New Orleans, Louisiana.

We have performed the procedures described in Schedule 2 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. Rebuilding Together New Orleans, Inc. (RTNO) management is responsible for those C/C areas identified in the SAUPs.

RTNO 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 period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 2.

We were engaged by RTNO to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these 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 RTNO and to meet out 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, Louisiana,
June 16, 2022.

SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS
OF THE STATEWIDE AGREED-UPON PROCEDURES

Rebuilding Together New Orleans, Inc.
New Orleans, Louisiana

For the year ended December 31, 2021

The required procedures and our findings are as follows:

Procedures Performed on RTNO's Written Policies and Procedures:

1. Obtain and inspect RTNO's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and RTNO's operations:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
Performance: Obtained and read the written policy for budgeting, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - 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.
Performance: Obtained and read the written policy for purchasing, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - c) Disbursements, including processing, reviewing, and approving.
Performance: Obtained and read the written policy for disbursements, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.
 - 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.
Performance: Obtained and read the written policy for receipts, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Written Policies and Procedures: (Continued)

- 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.
Performance: Obtained and read the written policy for payroll and personnel, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- 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.
Performance: Obtained and read the purchasing handbook for contracting, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- 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).
Performance: Obtained and read the written policy for credit cards, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to address all the functions listed above.
Exceptions: There were no exceptions noted.

- i) Ethics, including (1) 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) requirement that all employees annually attest through signature verification that they have read RTNO's ethics policy.
Not applicable for not-for-profit entities.

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not applicable for not-for-profit entities.

Procedures Performed on RTNO's Written Policies and Procedures: (Continued)

- 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.

Performance: Obtained and read the information technology disaster recovery/business continuity policy and found it to address all of the functions listed above.

Exceptions: There were no exceptions noted.

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

Not applicable for not-for-profit entities.

Procedures Performed on RTNO's Board:

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: Obtained the 2021 Board of Director Meeting minutes and verified the Board met monthly with a quorum.

Exceptions: There were no exceptions noted.

- 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 RTNO's collections during the fiscal period.*

Performance: Inspected meeting minutes and determined that the minutes referenced or included financial activity relating to public funds.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Board: (Continued)

- 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 unrestricted fund balance in the general fund.

Not applicable. RTNO is a nonprofit organization. The governmental accounting model is not used.

Procedures Performed on RTNO's Bank Reconciliations:

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

Performance: Obtained monthly bank reconciliation for the month of December for the main operating bank account and the one other account. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

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

Performance: Inspected RTNO's documentation for the December bank reconciliation for the two bank accounts and verified a member of management who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation.

Exceptions: There were no exceptions noted.

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

Performance: Inspected documents for items outstanding for more than 12 months. We noted no checks outstanding for longer than 12 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Collections:

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

Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Collections: (Continued)

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

Performance: Obtained a copy of the insurance policy for theft covering all employees who have access to cash. Observed that the insurance policy for theft was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

7. Randomly select two deposit dates for each of RTNO's five bank accounts selected for procedures #3 under "Procedures Performed on RTNO's Bank Reconciliations" above. Obtain supporting documentation for each of the ten deposits selected and:

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

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

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

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

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

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

- d) 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 ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

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

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):

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

Performance: Obtained a listing of locations that process payments for the fiscal period from management, and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

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

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

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least two employees are involved.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least two employees are involved.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees involved in processing payments to vendors. Observed that no employees involved in processing payments are adding/modifying vendor files.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a listing of employees involved with signing and mailing checks and verified they are not involved in the processing of payments.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)

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

Performance: Obtained RTNO's non-payroll disbursement transaction population, and received management's representation in a separate letter that the population is complete.

Selected five disbursements from the sole location that processes payment for testing.

Exceptions: There were no exceptions noted.

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

Performance: Observed the five disbursements matched the related original invoice/billing statements.

Exceptions: There were no exceptions noted.

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

Performance: Observed the five disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Credit Cards, Debit Cards, Fuel Cards, P-Cards:

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

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

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

**Procedures Performed on RTNO's Credit Cards, Debit Cards, Fuel Cards, P-Cards:
(Continued)**

- a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

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

Performance: Observed that there were no finance charges and/or late fees assessed on the selected statements.

Exceptions: There were no exceptions noted.

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

- a) For each transaction, report whether the transaction is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statements were supported by original itemized receipts that identifies precisely what was purchased.

Exceptions: There were no exceptions noted.

- 2) Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- 3) Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed that selected transactions for meal charges were supported by documentation of the individuals participating in the meals.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Travel and Travel-Related Expense Reimbursements:

14. Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five 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 reimbursements selected:

Performance: Obtained a listing of all travel and related expense reimbursements during the fiscal period from management, and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement form and supporting documentation for five reimbursements.

Exceptions: There were no exceptions noted.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Agreed the reimbursement rate for the five selected reimbursements using a per diem rate to those rates established by the U.S. General Service Administration.

Exceptions: There were no exceptions noted.

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

Performance: Observed that reimbursements using actual cost were supported by an original itemized receipt that identified precisely what was purchased.

Exceptions: There were no exceptions noted.

- c) 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 policy (procedures #1h).

Performance: Observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy (procedures #1h).

Exceptions: There were no exceptions noted.

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

Performance: Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person that received the reimbursement.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Contracts:

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation in a separate letter that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, and:

Performance: Obtained 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, and received management's representation in a separate letter that the listing is complete. Selected five contracts for testing.

Exceptions: There were no exceptions noted.

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

Performance: Observed that the contracts selected did not require the bids to be in accordance with Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

- 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).

Performance: Inspected board meeting minutes and confirmed the board approved the contracts requiring board approval.

Exceptions: There were no exceptions noted.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment were made in compliance with the contract terms.

Performance: Observed that the original contract terms allowed contract amendments and amendments were made in accordance with contract terms.

Exceptions: There were no exceptions noted.

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

Performance: Inspected payment for the contract with 2021 payments, obtained supporting invoices, agreed invoices to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Payroll and Personnel:

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

Performance: Obtained a listing of employees employed during the fiscal period from management, and received management's representation in a separate letter that the listing is complete. Selected five employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: There were no exceptions noted.

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

- a) Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected one pay period to test leave taken during that period. Inspected daily attendance and leave record for proper documentation.

Exceptions: There were no exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees.

Performance: Observed that supervisors approved the attendance and leave of the selected employees.

Exceptions: There were no exceptions noted.

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

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

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

Performance: Agreed the pay rates to authorized salary/pay rates maintained in employee files.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Payroll and Personnel: (Continued)

18. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees, obtain related documentation of the hours and pay rates used in management's termination payment calculations and RTNO's policy on termination payments. Agree the hours to the employees' cumulative leave records, and agree the pay rates to the employees' authorized pay rates in the employees' personnel files and agree the termination payments to RTNO's policy.

Performance: Obtained a listing of those employees that received termination payments during the fiscal period from management, and received management's representation in a separate letter that the listing is complete. The hours used in management's termination payment calculations were agreed to cumulative leave records and the pay rates agreed to authorized pay rates in the personnel files.

Exceptions: There were no exceptions noted.

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

Performance: Obtained management's representation that employer and employee portions of third-party payroll accounts have been paid, and any associated forms have been filed by the required deadlines.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Ethics:

20. Using the five selected employees from procedures #16 under "Procedures Performed on RTNO's Payroll and Personnel", obtain ethics compliance documentation from management and:

Not applicable for not-for-profit entities.

- a) Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.

Not applicable for not-for-profit entities.

- b) Observe whether RTNO maintains documentation which demonstrates each employee was notified of any changes to RTNO's ethics policy during the fiscal period, as applicable.

Not applicable for not-for-profit entities.

Procedures Performed on RTNO's Debt Service:

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

Not applicable for not-for-profit entities.

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

Not applicable for not-for-profit entities.

Procedures Performed on RTNO's Fraud Notice:

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

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period, none were noted.

Exceptions: There were no exceptions noted.

24. Observe RTNO 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.

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Information Technology Disaster Recovery/Business Continuity:

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

- a) Obtain and inspect RTNO'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.

Performance: Obtained and inspected RTNO's most recent documentation on the backups of its critical data. We discussed the results verbally with management.

Exceptions: There were no exceptions noted.

- b) Obtain and inspect RTNO'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 months.

Performance: Obtained and inspected RTNO's most recent documentation that its backups can be restored and test/verification was performed. We discussed the results verbally with management.

Exceptions: There were no exceptions noted.

- c) Obtain a listing of RTNO's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five 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.

Performance: Obtained a listing of RTNO's computers currently in use and their related locations from management, and received management's representation in a separate letter that the listing is complete. We discussed the results verbally with management.

Exceptions: There were no exceptions noted.

Procedures Performed on RTNO's Sexual Harassment:

26. Using the five randomly selected employees from procedure #16 under "Procedures Performed on RTNO's Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee completed at least one hour of sexual harassment training during the calendar year.

Not applicable for not-for-profit entities.

Procedures Performed on RTNO's Sexual Harassment (Continued)

27. Observe RTNO has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on RTNO's premises if RTNO does not have a website).
Not applicable for not-for-profit entities.
28. Obtain RTNO'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;
Not applicable for not-for-profit entities.
 - b) Number of sexual harassment complaints received by the agency;
Not applicable for not-for-profit entities.
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
Not applicable for not-for-profit entities.
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action
Not applicable for not-for-profit entities.
 - e) Amount of time it took to resolve each complaint.
Not applicable for not-for-profit entities.

Management's Overall Response to Exceptions:

- There were no exceptions noted.