

Communities In Schools of the Gulf South, Inc.

Financial Statements

June 30, 2024

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Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

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# LeGlue & Company, CPAs, L.L.C.

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Communities In Schools of the Gulf South, Inc.  
New Orleans, Louisiana

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

#### ***Opinion***

We have audited the accompanying financial statements of Communities In Schools of the Gulf South, Inc. (a non-profit organization) ("CIS"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CIS as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CIS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CIS's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' 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 auditors' 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 CIS'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 CIS'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 financial statements as a whole. The accompanying supplementary information such as the schedule of compensation, benefits, and other payments to president; and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to president and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of CIS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CIS'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 CIS's internal control over financial reporting and compliance.

Respectfully submitted,



LeGlue and Company, CPAs, L.L.C.  
New Orleans, Louisiana  
November 19, 2024

STATEMENT OF FINANCIAL POSITION

Communities In Schools of the Gulf South, Inc.

June 30, 2024

ASSETS

Current assets

Cash and cash equivalents	\$	182,568
Accounts receivable		439,642
Employee retention credit receivable		661,430
Prepaid expenses		33,716
Inventory		2,245
Total current assets		1,319,601

Other assets

Operating right of use asset		1,093
Deposits		4,904
Beneficial interest in assets held by others		131,319
Total other assets		137,316

Total	\$	1,456,917
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$	243,662
Accrued expenses		39,015
Operating lease liability - current		1,078
Line of credit		100,000
Total current liabilities		383,755

Net assets

Without donor restrictions		972,116
With donor restrictions		101,046
Total net assets		1,073,162

Total	\$	1,456,917
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See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>Revenue and other support</u>			
Contract income	\$ 2,733,718	\$ -	\$ 2,733,718
Federal grants	1,000,000	-	1,000,000
State and local grants	-	700,000	700,000
Contributions	113,599	70,354	183,953
In-kind contributions	4,001	-	4,001
Net assets released from restrictions	<u>768,768</u>	<u>(768,768)</u>	<u>-</u>
Total revenue and other support	<u>4,620,086</u>	<u>1,586</u>	<u>4,621,672</u>
<u>Expenses</u>			
Programs	3,870,773	-	3,870,773
Supporting services:			
General and administrative	<u>437,268</u>	<u>-</u>	<u>437,268</u>
Total expenses	<u>4,308,041</u>	<u>-</u>	<u>4,308,041</u>
<u>Other income (expense)</u>			
Board-designated endowment income, net	13,732	-	13,732
Other expenses	<u>(4,856)</u>	<u>-</u>	<u>(4,856)</u>
Total other income	<u>8,876</u>	<u>-</u>	<u>8,876</u>
Change in net assets	320,921	1,586	322,507
Net assets - beginning of year	<u>651,195</u>	<u>99,460</u>	<u>750,655</u>
Net assets - end of year	<u>\$ 972,116</u>	<u>\$ 101,046</u>	<u>\$ 1,073,162</u>

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,849,919	\$ 189,082	\$ -	\$ 3,039,001
Payroll benefits	547,248	30,929	-	578,177
Contract - subrecipient	214,284	-	-	214,284
Contract services	-	14,000	-	14,000
School programs	105,415	-	-	105,415
Facilities	49,988	27,135	-	77,123
Employee leave expense	3,465	5,793	-	9,258
General and administration	10,659	41,974	-	52,633
Interest expense	-	14,920	-	14,920
Travel	25,477	-	-	25,477
Conferences, conventions, training	23,249	-	-	23,249
Professional fees	-	94,770	-	94,770
Supplies and small equipment	16,850	2,973	-	19,823
Marketing and public relations	14,806	5,077	-	19,883
Volunteer expenses	1,203	-	-	1,203
Printing and copying	1,327	3,096	-	4,423
Recognitions	-	4,833	-	4,833
Food and meetings	6,883	2,686	-	9,569
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total	<u>\$ 3,870,773</u>	<u>\$ 437,268</u>	<u>\$ -</u>	<u>\$ 4,308,041</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

<u>Cash flows from operating activities</u>	
Change in net assets	<u>\$ 322,507</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Gain on investment, net	(13,119)
Decrease (increase) in operating assets:	
Accounts receivable	(245,822)
Prepaid expenses	(4,406)
Inventory	440
Operating lease right of use asset	93
Increase (decrease) in operating liabilities:	
Accounts payable	8,678
Accrued expenses	<u>8,842</u>
Net cash provided by operating activities	<u>77,213</u>
<u>Cash flows from financing activities</u>	
Net activity on line of credit	<u>(2,853)</u>
Net cash used in financing activities	<u>(2,853)</u>
<u>Net increase in cash and cash equivalents</u>	74,360
<u>Cash and cash equivalents, beginning of year</u>	<u>108,208</u>
<u>Cash and cash equivalents, end of year</u>	<u>\$ 182,568</u>
<u>Supplemental disclosure of cash flow information</u>	
Cash paid during the year for interest	<u>\$ 14,920</u>

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

### Note 1 – Summary of Significant Accounting Policies

The following explanatory comments are submitted relative to the nature of operations and summary of significant accounting policies of Communities In Schools of the Gulf South, Inc.:

(a) *Nature of Operations*

Communities In Schools of the Gulf South, Inc. ("CIS") is a nonprofit organization that provides preventive dropout services and programs for students in public schools in the Greater New Orleans, Acadiana, and the East Baton Rouge regions. As of June 30, 2024, CIS provided services to thirteen schools in the Greater New Orleans area, nineteen schools in the Acadiana region, and two schools in East Baton Rouge. CIS's primary program activity is coordination of school-wide services, inclusive of mentoring, case management, mental health services, and AmeriCorps.

CIS's mission is to surround students with a community of support, empowering them to stay in school and achieve in life. CIS champions the connection of needed community resources with schools to help young people successfully learn, stay in school and prepare for life. By bringing caring adults into the schools to address children's unmet needs, CIS provides the link between educators and the community. The result: teachers are free to teach, and students - many in jeopardy of dropping out - have the opportunity to focus on learning.

CIS changes the dropout equation with Integrated Student Services (ISS). CIS works inside school systems with superintendents, principals, educators and other personnel, and forges community partnerships that bring resources into schools and help remove barriers to learning. The CIS model addresses the total student, because students with unmet physical, psychological and social needs cannot learn effectively, and the whole school environment. Research has shown that this attention to the needs of both the entire school and the individual student is critical to reducing dropout rates and increasing graduation rates. CIS's unique model positions a "Site Coordinator" inside schools to assess needs and deliver necessary resources. Site Coordinators are consistent, caring adults whose only job is to support students to succeed. These extraordinary and dedicated individuals change lives one day and one student at a time. As a single point of contact, they are uniquely positioned to match the needs of students and families with resources in the community, and to be active participants in the work of teachers and administrators in making their schools places of learning and achievement.

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

(b) *Basis of Accounting*

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

(c) *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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

CIS considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include amounts held in bank demand accounts, short-term certificates of deposit and highly liquid money market funds. The carrying amount of money market funds approximates fair value due to the short maturity of these instruments.

(e) *Accounts Receivable*

CIS uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. It is management's judgment that no allowance for uncollectible receivables was necessary as of June 30, 2024.

(f) *Inventory*

Inventory consists of donated supplies, books, and other publications and is recognized at fair value at the time of donation.

(g) *Beneficial Interest in Assets Held by Others*

Beneficial interest in assets held by others consists of assets transferred to the Greater New Orleans Foundation for investment purposes, with the understanding that the income pertaining to these assets would be distributed to CIS.

The Board of Trustees of the Greater New Orleans Foundation have the power to modify any restriction or condition on the distribution of funds for any specified charitable organization or organizations if in the sole judgment of the Board of Trustees (without any approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or area served.

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

Beneficial interest corpus maintained by CIS is considered to be with donor restrictions and is held at fair value. The investment income that is earned on the corpus each year is intended to help fund the CIS's program and support services. Therefore, all endowment investment income earned is considered to satisfy restrictions each year and is, accordingly, recorded as income without donor restrictions.

### (h) Classification of Net Assets

The financial statements of CIS have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires CIS to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CIS. These net assets may be used at the discretion of CIS's management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CIS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### (i) Contributions

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next fiscal year are recorded at their net realizable value. In June 2018, the FASB issued ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

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

### (j) Contributed Materials and Services

The CIS records various types of in-kind contributions. In-kind contribution support is recognized in accordance with the Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958-30). This pronouncement requires recognition of contributed services received, if those services create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

CIS received contributed materials and supplies for its programs during the year ended June 30, 2024, with fair values on the dates of donation of \$4,001. CIS did not receive any significant contributed professional services for the year ended June 30, 2024.

In addition, volunteers have served on the Board, various committees and in schools under the direction of CIS staff in CIS-coordinated programs and projects. Volunteer hours totaled approximately 2,600 for the year ended June 30, 2024. These contributions of in-kind services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition.

### (k) Contract Income

Contract income represents program fees earned by CIS for services performed to outside organizations. These contracts are generally each accounted for as a single unit of account (i.e., as a single performance obligation). The performance obligations on these contracts require CIS to provide resources and materials to contracted organizations in the state of Louisiana over the contract period, which is typically a school year. The performance obligations are met when resources and materials are provided based on the contract. These performance obligations are measured through monthly reporting, with invoices typically being submitted monthly for services rendered and earned in the prior month.

### (l) Federal, State and Local Program Revenue

Grants and contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

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

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the revenue is recognized. Most programs are funded on a reimbursement basis and revenues are considered to be earned when the expense is incurred. Grants that contain certain compliance recapture provisions are recognized over the term of the compliance period or at the end of the compliance period, depending on the agreement.

### (m) Employer Retention Credit Receivable

The Employee Retention Credit (ERC) allows eligible employers to receive reimbursement for a portion of wages paid to employees. Originally included in the Coronavirus Aid, Relief and Economic Security (CARES) Act, the ERC was also funded and modified by other pieces of COVID-19-related legislation. CIS filed for the ERC in the fiscal year ended June 30, 2023, and anticipates collecting the credits in fiscal year 2025. In accordance with ASC 958-605, nonprofits can recognize the ERC revenue and any corresponding receivables in the period that they determine the conditions are substantially met under the conditional contribution model in ASC 958-605.

### (n) Lease

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under this guidance, lessees and lessors are required to recognize a right-of-use (ROU) asset and corresponding lease liability on the consolidated balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. In addition, the new standard requires enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements.

### (o) Functional Allocations of Expenses

Any costs related to program administration or fundraising are functionally classified as supporting service expenses. Any costs related to activities that constitute direct conduct or direct supervision of program service are program expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of CIS.

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

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Personnel expense have been allocated based on time and effort. Rent, office equipment rentals, telephone and internet, utilities, computer subscriptions, website, office supplies, and postage expenses have been allocated based on square footage. Agency, partner agencies designations, non-partner agencies designations, professional fees, golf tournament expenses, campaign expenses, third party fees, awards, travel and conference, liability insurance, worker's compensation insurance, dues and memberships, printing, and licenses and permits, have been allocated based on actual expenses.

### (p) Income Taxes

CIS is a Louisiana nonprofit organization under Section 509(a)(3) of the Internal Revenue code that has been granted an exemption from the payment of income taxes under Section 501(c)(3) and has been determined to be other than a private foundation. CIS's management believes that CIS continues to operate in a manner that preserves its tax-exempt status.

## Note 2 – Uninsured Deposits

CIS maintains cash on deposit with adequately capitalized financial institutions located in Southeast Louisiana. At times, deposits may exceed Federal Deposit Insurance Corporation ("FDIC") maximum coverage (\$250,000 per financial institution). CIS's deposits were not in excess of FDIC limits at June 30, 2024.

## Note 3 – Accounts Receivable

Accounts receivable consist of pledges, including donor designations, for the 2024 and 2023 campaigns. The receivable balance at June 30, 2024 was \$439,642. Three organizations represent 61% of the outstanding balance at June 30, 2024, with these accounts being fully collected as of the date of this report. Management anticipates collecting the full net receivable balance.

## Note 4 – Beneficial Interest in Assets Held by Others

For purposes of endowment, CIS has placed funds on deposit with the Greater New Orleans Foundation. The deposit is a permanent endowment, to be held in perpetuity by the Greater New Orleans Foundation, who maintains variance power and legal ownership of all contributions made to the endowment.

Distributions from the endowment funds are subject to the Greater New Orleans Foundation's endowed fund spending policy. The current spending policy makes available on an annual basis 4% of the 12 quarter rolling average market value of the funds. The cutoff of calculation is September 30<sup>th</sup> of each year. Distributions are unrestricted and used to support CIS's general operations. CIS did not take any distributions for the year ended June 30, 2024.

#### Note 4 – Beneficial Interest in Assets Held by Others (Continued)

Net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions. The investments are reported at market value. CIS's management has determined that there was no impairment as of June 30, 2024.

CIS has adopted the Greater New Orleans Foundation's investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Actual returns in any given year may vary from this amount.

CIS had the following endowment-related activities for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Beneficial interest in assets at July 1, 2023	\$ 43,739	\$ 74,461	\$ 118,200
Board-designated endowment gain, net	13,119	-	13,119
Distribution from endowment	-	-	-
Total endowment funds	<u>\$ 56,858</u>	<u>\$ 74,461</u>	<u>\$ 131,319</u>

#### Note 5 – Fair Value Measurement and Disclosures

The beneficial interests in assets held by others are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CIS believes its valuation methods are 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.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs are readily available quoted market prices (unadjusted) in active markets where there is significant transparency in the executed/quoted price for identical assets or liabilities that CIS has the ability to access at the measurement date.

Level 2 inputs are observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Note 5 – Fair Value Measurement and Disclosures (Continued)

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for CIS's investments, which are measured at fair value on a recurring basis:

The endowment funds held by others for CIS cannot be redeemed by CIS and are valued at net asset value within the endowment. According to Accounting Standards Update 2015-07 Fair Value Measurement (Topic 820), if an organization will never have the ability to redeem its investment in an endowment pool at net asset value per share (or its equivalent), the fair value measurement of the investment should be categorized within level 3 of the fair value hierarchy.

The valuation of CIS's assets that are measured at fair value on a recurring basis at June 30, 2024, are as follows:

Fair Value Measurements at Reporting Date Using

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 131,319	\$ 131,319
Total assets at fair value	\$ -	\$ -	\$ 131,319	\$ 131,319

A reconciliation of the beginning and ending balance of beneficial interest in assets held by others is included within Note 4.

Note 6 – Accrued Employee Leave

The CIS full-time office based employees may earn up to twelve (12) vacation days each year. CIS fulltime school based employees may earn up to six (6) paid time off (PTO) days per year. Full-time office based employees that work through the completion of the fiscal year are eligible to carry over all vacation days, these vacation days expire at the end of the calendar year. Full-time school based employees are ineligible to carry over any PTO days. Upon termination or resignation, any accumulated employee leave is paid to the former employee. Accrued employee leave was \$30,327 at June 30, 2024 and is included in accrued expenses in the accompanying statement of financial position.

Note 7 – Line of Credit

CIS has a line of credit agreement with a local bank, which provides for borrowings up to \$250,000 at a variable rate of interest. The line of credit has been renewed through October 2024. Outstanding borrowings under the credit agreement are unsecured. At June 30, 2024, the outstanding balance was \$100,000, with an annual rate of interest of 7%.

Note 8 – Net Assets With Donor Restrictions

For the year ended June 30, 2024, CIS had the following net assets with donor restrictions activities:

	<u>Amount</u>
Net assets with donor restrictions at July 1, 2023	\$ 99,460
Contributions	770,354
Released from restrictions	<u>(768,768)</u>
Decrease in net assets with donor restrictions	<u>1,586</u>
Net assets with donor restrictions at June 30, 2024	<u>\$ 101,046</u>

As of June 30, 2024, net assets with donor restrictions consisted of grants of \$70,354 and \$700,000 on government grants that are time and purpose restricted, and an endowment fund of \$131,319 that is perpetually restricted.

Note 9 – Leases

CIS has operating leases for the rent of office space in New Orleans, Lafayette and Baton Rouge. Payments range from \$3,845, \$750, and \$545 respectively throughout the terms of the leases, and are due on the first day of each month. The New Orleans and New Iberia leases are month to month leases, as such they do not meet the requirements for the new lease standard, Topic 842. Rent expense for the year ended June 30, 2024, was \$64,119, which is included in facilities in the statement of functional expenses.

CIS elected the practical expedient not to separate lease and non-lease components for all of their Baton Rouge lease.

The Baton Rouge lease is set to expire in September 2024. Minimum future lease payments on the Baton Rouge lease are \$1,090 for the year ending June 30, 2025. Future lease payments include imputed interest of \$12. As of June 30, 2024, the remaining lease term for the lease is 2 months. The weighted average discount rate associated with operating leases is approximately 8%.

#### Note 10 – Retirement Plan

CIS provides a simple IRA retirement plan for full-time employees commencing on the date of hire. CIS makes a contribution equal to 2% of gross pay for all eligible employees. Expenses related to the retirement plan for the year ended June 30, 2024 were \$61,066. These expenses are included in payroll benefits in the statement of functional expenses.

#### Note 11 – Liquidity and Availability of Financial Resources

CIS has \$622,210 of financial assets available within one year of the financial position dated June 30, 2024 consisting of cash and cash equivalents of \$182,568, and accounts receivable of \$439,642. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for the general expenditure within one year of the financial position date. CIS has a goal to maintain a minimum cash balance in its operating account to cover one year of general expenses, excluding expenses for program services. CIS has a line of credit agreement with a local bank, which provides for borrowings up to \$250,000. Management believes it has appropriate available financial resources.

#### Note 12 – Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require CIS's management to evaluate tax positions taken by CIS and recognize a tax liability if CIS has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. CIS's management has analyzed the tax positions taken by CIS, and has concluded that, at June 30, 2024, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. CIS is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### Note 13 – Subsequent Events

Management has evaluated subsequent events through November 19, 2024, and no items were noted for disclosure. No additional subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
TO PRESIDENT

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

Agency Head Name: Amanda Schroeder, President

	<u>Total</u>
Salaries	\$ 125,000
Benefits - health insurance	5,009
Benefits - retirement	2,500
Deferred compensation	-
Workers compensation	306
Benefits - life insurance	209
Benefits - long term disability	-
Benefits - FICA and Medicare	9,563
Benefits - unemployment insurance	64
Car allowance	-
Vehicle provided by government	-
Cell phone	649
Dues	481
Vehicle rental	210
Per diem	178
Reimbursements	177
Travel	243
Registration fees	500
Conference travel	1,110
Unvouchered expenses	-
Meetings and conventions	-
Other	<u>-</u>
Total	<u>\$ 146,198</u>

See independent auditors' report.

# LeGlue & Company, CPAs, L.L.C.

## INDEPENDENT AUDITORS' 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

Board of Directors of  
Communities In Schools of the Gulf South, 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 Communities In Schools of the Gulf South, Inc. (a non-profit organization) ("CIS"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 19, 2024.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 CIS's internal control. Accordingly, we do not express an opinion on the effectiveness of CIS'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 CIS'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 CIS'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 CIS'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.

Respectfully submitted,

A handwritten signature in blue ink that reads "LeGlue & Company". The signature is written in a cursive, flowing style.

LeGlue and Company, CPAs, L.L.C.  
New Orleans, Louisiana  
November 19, 2024

# LeGlue & Company, CPAs, L.L.C.

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Directors of  
Communities In Schools of the Gulf South, Inc.  
New Orleans, Louisiana

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

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

We have audited the Communities In Schools of the Gulf South, Inc.'s (a non-profit organization) ("CIS") 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 CIS's major federal programs for the year ended June 30, 2024. CIS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, CIS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***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 (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CIS 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 CIS's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CIS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 CIS'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 CIS'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 CIS'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 CIS'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 Auditors' 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.

Respectfully submitted,

A handwritten signature in blue ink that reads "LeGlue & Company". The signature is written in a cursive, flowing style.

LeGlue and Company, CPAs, L.L.C.  
New Orleans, Louisiana  
November 19, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Entity Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed Through Subrecipient</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education</u>					
Providing Comprehensive Student Supports aimed at drop-out prevention in Louisiana Public Schools	84.215K	N/A	\$ 785,716 *	\$ 214,284	\$ 1,000,000
<b>Total Expenditures of Federal Awards</b>			<u>\$ 785,716</u>	<u>\$ 214,284</u>	<u>\$ 1,000,000</u>

\* Amount passed through to subrecipient Volunteers of North Louisiana

See notes to schedule of expenditures of federal awards.

See Independent Auditors' Report

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Communities In Schools of Gulf South, Inc.

Year ended June 30, 2024

### Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Communities In Schools of Gulf South, Inc. (a non-profit organization) (“CIS”) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CIS. CIS is defined in Note 1 to the financial statements for the year ended June 30, 2024. All federal awards received directly from federal agencies are included on the Schedule, as well as federal awards passed-through other government agencies, as applicable.

### Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to CIS’s financial statements for the year ended June 30, 2024. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

Pass-through entity identifying numbers are presented where available. Payments to subrecipient are disclosed on the Schedule.

### Note 3 - De Minimis Cost Rate

During the year ended June 30, 2024, CIS elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2024

**Section I – Summary of Independent Auditors’ Results**

*Financial Statements*

Type of auditors’ report issued: Unmodified opinion

Internal control over financial reporting:  
Material weakness(es) identified? No

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)? None noted

Noncompliance material to financial statements noted No

*Federal Awards*

Internal control over major program:  
Material weakness(es) identified? No

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)? None noted

Type of auditors’ report issued on compliance  
for major program: Unmodified opinion

Any audit findings which are required to be  
reported under the Uniform Guidance? No

Identification of major program:  
United States Department of Education  
Providing Comprehensive Student Supports aimed  
at drop-out prevention in Louisiana Public Schools 84.215K

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

Auditee qualified as low-risk auditee under Section 530  
of the Uniform Guidance: No

**Section II – Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:**

None noted.

**Section III – Findings and Questioned Costs Relating to Federal Awards:**

None noted.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Communities In Schools of the Gulf South, Inc.

Year ended June 30, 2023

**Section I – Findings Related to the Financial Statement**

None noted.

**Section II – Federal Awards Findings and Questioned Costs**

None noted.

**Section III – Management Letter**

None noted.

Communities In Schools of the Gulf South, Inc.

Independent Accountants' Report on Applying Agreed-Upon Procedures as  
Required by the Louisiana Legislative Auditor

June 30, 2024

# LeGlue & Company, CPAs, L.L.C.

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1100 Poydras Street, Suite 2850  
New Orleans, LA 70163-2850  
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November 19, 2024

## *Independent Accountants' Report on Applying Agreed-Upon Procedures*

*For the year ended June 30, 2024*

Board of Directors  
Communities In Schools of the Gulf South, Inc.  
New Orleans, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The Communities In Schools of the Gulf South, Inc. ("CIS") management is responsible for those C/C areas identified in the SAUPs.

CIS has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*No exception noted*". If not, then a description of the exception ensues.

### **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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- iii. **Disbursements**, including processing, reviewing, and approving.

*No exceptions noted.*

- 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).

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*No exceptions noted.*

- 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).

*No exceptions noted.*

- 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.

*Ethics is not applicable as CIS is a non-profit organization.*

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*CIS does not have a debt service policy, as they do not incur debt.*

- 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.

*No exceptions noted.*

- 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.

*The sexual harassment statutes are not applicable to CIS.*

## **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.

*No exceptions noted.*

- 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.*

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

### **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:

*A listing of bank accounts was provided and included a total of 4 bank accounts. Management identified CIS's main operating account. No exceptions were noted as result of performing this procedure.*

*From the listing provided, we obtained the bank reconciliations for one month from the fiscal period, resulting in 4 bank reconciliations obtained and subjected to the below procedures.*

- 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);

*No exceptions noted.*

- 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

*No exceptions noted.*

- 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.

*Not applicable.*

**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).

*A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected 1 deposit site and performed the procedures below.*

- 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:

*A listing of collection locations for each deposit site selected in procedure A was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected one collection location for each deposit site. Review of CIS's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- i. Employees responsible for cash collections do not share cash drawers/registers;

*No exceptions noted.*

- 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;

*No exceptions noted.*

- 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

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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:

*We randomly selected 5 deposit dates for the operating account selected in procedure #3A. The other bank accounts did not have deposits for the fiscal period under these procedures. We obtained supporting documentation for each of the 5 deposits and performed the procedures below:*

- i. Observe that receipts are sequentially pre-numbered.

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

- 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).

*No exceptions noted.*

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

*No exceptions noted.*

**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).

*The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the only location and performed the procedures below.*

- 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:

*The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected at procedure #5A was provided. No exceptions were noted as a result of performing this procedure.*

*Review of CIS's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exceptions noted.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*No exceptions noted.*

- 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;

*Three employees have access to add / modify vendors. There is no employee responsible for 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

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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

*A listing of non-payroll disbursements for each payment processing location selected in procedure #5A above was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.*

- 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

*No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*No exceptions noted.*

**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.

*A listing of cards was provided. No exceptions were noted as a result of performing this procedure.*

- 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

*From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.*

- 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

*No exceptions noted.*

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

*No exceptions noted.*

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*We selected 10 transactions for each of the 5 cards selected in procedure #7B and performed the specified procedures. No exceptions were noted as a result of performing 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

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

- 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

*No exceptions noted.*

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

*No exceptions noted.*

## **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

*A listing of all agreements / contracts that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 contracts and performed the procedures below.*

- 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;

*Not applicable. All contracts selected were for professional services.*

- 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);

*No exceptions noted.*

- 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

*Not applicable.*

- 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.

*No exceptions noted.*

**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.

*A listing of employees employed during the fiscal period was provided. No elected officials employed. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 employees and performed the specified procedures. No exceptions were noted.*

- 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

*We randomly selected one pay period during the fiscal period and performed the procedures below for the 5 employees selected in procedure #9A above.*

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

*No exceptions noted.*

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

*No exceptions noted.*

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

*No exceptions noted.*

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

- 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.

*A listing of employees receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 2 employees and performed the specified procedures. No exceptions noted.*

- 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.

*No exceptions noted.*

#### **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

*Ethics is not applicable as CIS is a non-profit organization.*

- 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.

*Ethics is not applicable as CIS is a non-profit organization.*

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

*Ethics designee is not applicable as CIS is a non-profit organization.*

**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.

*Not applicable as CIS does not incur debt.*

- 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 as CIS does not incur debt.*

**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.

*CIS did not report any misappropriations of public funds and assets during the fiscal period.*

- 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.

*No exceptions noted.*

**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.

*We performed the procedure and noted CIS's accounting software is cloud based, as such, is backed up real time. No exceptions noted.*

- 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.

*No exceptions noted.*

- 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.

*Noted antivirus software. No exceptions noted.*

- 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.

*No exceptions noted.*

#### **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.

*The sexual harassment statutes are not applicable to CIS.*

- 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).

*The sexual harassment statutes are not applicable to CIS.*

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, 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;

*The sexual harassment statutes are not applicable to CIS.*

- ii. Number of sexual harassment complaints received by the agency;

*The sexual harassment statutes are not applicable to CIS.*

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

*The sexual harassment statutes are not applicable to CIS.*

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*The sexual harassment statutes are not applicable to CIS.*

v. Amount of time it took to resolve each complaint.

*The sexual harassment statutes are not applicable to CIS.*

We were engaged by CIS to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, 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 CIS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control and 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.

Very truly yours,



LeGlue & Company, CPAs, L.L.C.