

Central Louisiana AIDS Support Services

Alexandria, Louisiana

Financial Statements

December 31, 2022

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Independent Auditors' Report

To the Board of Directors of
Central Louisiana AIDS Support Services, Inc.
Alexandria, Louisiana

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Louisiana AIDS Support Services (CLASS) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Louisiana AIDS Support Services as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Central Louisiana AIDS Support Services' ability to continue as a going concern within one year after the date that the financial statements are available to be 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Louisiana AIDs Support Services' 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 Central Louisiana AIDs Support Services' 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 schedule of compensation, benefits and other payments to executive director and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional



procedure, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited CLASS's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, on our consideration of Central Louisiana AIDS Support Services' 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 Central Louisiana AIDS Support Services' 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 Central Louisiana AIDS Support Services' internal control over financial reporting and compliance.



KnightMasden
Alexandria, Louisiana
June 26, 2023



Central Louisiana AIDS Support Services
Statement of Financial Position
December 31

	<u>2022</u>	<u>2021</u> Summarized <u>Total</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,671,394	\$ 1,597,695
Grants and pledges receivable	782,773	567,513
Prepaid expenses	8,728	8,193
Total Current Assets	2,462,895	2,173,401
Plant, Property and Equipment, net of accumulated depreciation	251,707	259,316
Other Assets		
Deposits	2,001	2,001
Total Other Assets	2,001	2,001
Total Assets	\$ 2,716,603	\$ 2,434,718
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 22,531	\$ 21,222
Payroll liabilities	5,154	10,138
Total Current Liabilities	27,685	31,360
Net Assets		
without Donor Restrictions	2,513,246	2,285,179
with Donor Restrictions	175,672	118,179
Total Net Assets	2,688,918	2,403,358
Total Liabilities and Net Assets	\$ 2,716,603	\$ 2,434,718

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

Central Louisiana AIDS Support Services
Statement of Activities
December 31

	<u>without</u> Donor <u>Restrictions</u>	<u>2022</u> <u>with</u> Donor <u>Restrictions</u>	<u>Total</u>	<u>2021</u> Summarized <u>Total</u>
Revenues				
Contributions, gifts and grants	\$ 3,443	\$ 2,285,513	\$ 2,288,956	\$2,037,935
Fund raising income	21,246	-	21,246	14,862
Investment income	508	-	508	450
340B reimbursement	141,065	-	141,065	255,922
Other income	6,630	-	6,630	12,099
Total Revenues	<u>172,892</u>	<u>2,285,513</u>	<u>2,458,405</u>	<u>2,321,268</u>
 Net Assets released from restrictions	 2,228,020	 (2,228,020)	 -	 -
Functional Expenses				
Program services	2,122,802	-	2,122,802	1,722,858
Management and general	40,835	-	40,835	16,777
Fundraising	9,208	-	9,208	219
Total Functional Expenses	<u>2,172,845</u>	<u>-</u>	<u>2,172,845</u>	<u>1,739,854</u>
 Change in Net Assets	 228,067	 57,493	 285,560	 581,414
 Net Assets - Beginning	 <u>2,285,179</u>	 <u>118,179</u>	 <u>2,403,358</u>	 <u>1,821,944</u>
 Net Assets - Ending	 <u>\$ 2,513,246</u>	 <u>\$ 175,672</u>	 <u>\$ 2,688,918</u>	 <u>\$2,403,358</u>

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

Central Louisiana AIDS Support Services
Statement of Cash Flows
For the Year Ended December 31

	<u>2022</u>	<u>2021</u> Summarized Total
Cash Flows from Operating Activities		
Change in Net Assets	\$ 285,560	\$ 581,414
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	7,609	7,930
Loss on abandoned asset	-	5,471
(Increase) decrease in receivables	(215,260)	(148,216)
(Increase) decrease in prepaid expenses	(535)	(8,193)
Increase (decrease) in current liabilities	<u>(3,675)</u>	<u>10,539</u>
Net Cash Provided (Used) by Operating activities	73,699	448,945
Net Increase (Decrease) in Cash and Cash equivalents	73,699	448,945
Cash and Cash Equivalents - Beginning of Year	<u>1,597,695</u>	<u>1,148,750</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,671,394</u>	<u>\$ 1,597,695</u>

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

Central Louisiana AIDS Support Services
Statement of Functional Expenses
For the Year Ended December 31

2021
Summarized
Total

	2022						Total	Summarized
	Direct Services for AIDs Patients	Gay Men's Wellness	Prevention	Total Program Services	Management and General	Fundraising		
Payroll expenses	\$ 712,952	\$ 81,549	\$ 135,550	\$ 930,051	\$ 33,399	\$ -	\$ 963,450	\$ 747,261
Contract labor	13,192	-	2,910	16,102	-	-	16,102	33,771
Travel	10,081	-	5,943	16,024	172	-	16,196	17,021
Professional fees	29,429	2,211	2,058	33,698	675	-	34,373	16,287
Bank charges	-	-	-	-	-	-	-	-
Depreciation	7,609	-	-	7,609	-	-	7,609	7,930
Dues and subscriptions	596	-	-	596	-	-	596	591
Education and seminars	1,763	-	1,002	2,765	-	-	2,765	653
Insurance	15,001	3,383	2,891	21,275	-	-	21,275	11,267
Repairs and maintenance	15,966	1,332	6,265	23,563	638	-	24,201	3,764
Office expense	57,623	122	4,981	62,726	3,860	9,208	75,794	66,194
Program expense	346,578	104,953	15,258	466,789	-	-	466,789	423,663
Telephone	4,949	390	270	5,609	108	-	5,717	5,932
Utilities	37,606	735	1,470	39,811	324	-	40,135	24,007
Training	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	150
Interest	-	-	-	-	-	-	-	-
Rent	493,532	-	-	493,532	1,319	-	494,851	372,917
Other Expense	2,652	-	-	2,652	340	-	2,992	8,446
Total	<u>\$ 1,749,529</u>	<u>\$ 194,675</u>	<u>\$ 178,598</u>	<u>\$ 2,122,802</u>	<u>\$ 40,835</u>	<u>\$ 9,208</u>	<u>\$ 2,172,845</u>	<u>\$ 1,739,854</u>

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

Central Louisiana AIDS Support Services
Notes to the Financial Statements
December 31, 2022

Note 1 – Summary of Significant Accounting Policies

Organization

Central Louisiana AIDS Support Services (CLASS) is a nonprofit organization providing support and services to people infected and affected by acquired autoimmune deficiency syndrome (AIDS) and human immunodeficiency virus (HIV) in the Central Louisiana region. CLASS also offers educational programs and informational materials to the general public, in order to prevent more people from becoming infected and to build awareness of the serious medical, legal, social and emotional problems faced by those already infected. CLASS also provides a continuum of care and supportive services for individuals and families living with HIV disease. CLASS's programs are as follows:

Education

Education continues to be the best method for slowing the spread of HIV/AIDS. This program's goal is making the community aware that prevention is vital to reducing the spread of HIV. CLASS provides a prevention intervention program through street/community outreach; HIV prevention counseling, testing, referral and partner notification; community education and condom availability. Outreach is a person to person approach involving education to prevent the spread of HIV and other STDs. These services are funded through various programs including Ryan White Part B and Ryan White Part C, HIV/AIDS Prevention, United Way, and Elton John AIDS Foundation.

Case Management

CLASS provides case managers who serve as liaisons between clients and the network of community resources to ensure that the infected live comfortably and with dignity. Case managers work with those living with HIV and AIDS to develop a plan of care that addresses the medical, financial, emotional and social needs. Funding for these services is provided by Ryan White Part B and Part F and Housing Opportunities for Persons with AIDS.

Food Pantry

CLASS operates a food pantry which supplements the clients' needs with nonperishable food items and personal care items. This program is provided by Ryan White Part B and Broadway Cares.

Housing Support Services

Housing Support Services provides assistance to persons with significant disabilities to obtain and maintain housing in the community. The supports provided are rent and utilities assistance. Funding for this assistance is provided by Housing Opportunities for Persons with AIDS.

Transportation Services

CLASS provides clients with (2) \$10 gas vouchers per month or bus tickets for medical appointments. Transportation services are funded through Ryan White Part B.

Central Louisiana AIDS Support Services
Notes to the Financial Statements
December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CLASS and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets 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 CLASS and/or the passage of time, or be permanently maintained by CLASS. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Tax Status

CLASS is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, CLASS is not classified as a “private foundation” by the Internal Revenue Service. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or assets) or disclosure in the financial statements.

Accounts Receivable

Accounts receivable are comprised primarily of reimbursements from federal agencies. CLASS uses the allowance method to account for uncollectible receivables. Reimbursements are charged against the allowance when deemed to be uncollectible. The allowance is based on management's estimate of possible uncollectible reimbursements. Due to reimbursements being due primarily from federal agencies with minimal risks of nonpayment based on CLASS's past experience with these agencies, all amounts due are considered collectible and therefore no allowance is recorded.

Cash and Cash Equivalents

CLASS considers all demand deposits and highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include monies designated for specific programs or held for others.

Central Louisiana AIDS Support Services
Notes to the Financial Statements
December 31, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Equipment, Furniture and Buildings

Equipment and furniture are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives of assets range from three to seven years for equipment and furniture and thirty-nine years for buildings.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose or for use for a specified period of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of CLASS have been summarized on a functional basis in the accompanying statements of functional expenses.

Advertising and Promotion

Advertising costs are expensed as incurred. The primary purpose of these appeals is to promote CLASS's fund-raising events and raise awareness of the disease and its prevention.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. CLASS's estimates include those regarding the fair value of donated materials and services.

Note 2 – Fair Value Measurement

FASB ACS 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

Central Louisiana AIDS Support Services
Notes to the Financial Statements
December 31, 2022

Note 2 – Fair Value Measurement (continued)

Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include checking and savings accounts, certificates of deposit, highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity’s own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at December 31, 2022 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2022 Using</u>			
<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash	\$1,671,394	\$1,671,394	\$ -	\$ -

Note 3 – Grants Receivable

Grants receivable at December 31, 2022 consists of the following programs:

State of Louisiana – Ryan White II	\$634,647
State of Louisiana – HIV/AIDS Prevention	17,597
State of Louisiana – Gay Men’s Wellness	20,085
Rapides Foundation	25,000
Syringe Program	14,717
CLHSD	<u>70,727</u>
 Total Grants Receivable	 <u>\$782,773</u>

Central Louisiana AIDS Support Services
Notes to the Financial Statements
December 31, 2022

Note 4 – Equipment and Furniture

The following schedule summarizes estimated useful life, cost and accumulated depreciation of property, plant and equipment as of December 31, 2022:

<u>Description</u>	<u>Life</u>	
Building	39 years	\$281,586
Equipment & Furniture	5 to 10 years	169,594
Land		32,094
Less: Accumulated Depreciation		<u>(231,567)</u>
Net Fixed Assets		<u>\$251,707</u>

Depreciation expense for the year ended December 31, 2022 was \$7,609.

Note 5 – Concentrations

Grants received require the fulfillment of certain conditions as set forth in the grant instruments; CLASS intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to donors. CLASS, by accepting the grants and their terms, has agreed to the conditions of the donors. Government grants represented approximately 93% of CLASS's total support and revenue for year 2022. In addition, the balance of accounts receivable is comprised primarily of government grants.

The Company maintains cash balances with a regional bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022, there was \$1,443,570 in cash on deposit that was in excess of the federally-insured limits.

Note 6 – Restricted Net Assets

Net assets with donor restrictions as of December 31, 2022 totaled \$175,672 and were restricted for the following purposes:

Substance abuse prevention	\$ 36,045
Syringe service	99,623
Direct services for AIDS patients	<u>40,004</u>
Total	<u>\$175,672</u>

Net assets with donor restriction income was generated through both cost reimbursements and “pay for services” type funding. The amounts reported as grant and contract income exceeded program expenses due to the fact that the “pay for services” funding is not directly related to an offsetting program expense. Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the grants.

Central Louisiana AIDS Support Services
Notes to the Financial Statements
December 31, 2022

Note 7 – Taxes

CLASS's tax returns for the years ended December 31, 2019 through December 31, 2021, remain open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2022 has not been filed as of the report date.

Note 8 – Liquidity and Availability of Financial Assets

Financial assets, consisting of cash and accounts receivable, that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to \$2,286,888 at December 31, 2022. CLASS has a goal to maintain sufficient financial resources on hand to meet sixty days of normal operating expenses.

Note 9 – Subsequent Events

CLASS has no material subsequent events that would require disclosure. Subsequent events have been evaluated through June 26, 2023, which is the date the report was issued.

Supplementary Schedule

Central Louisiana AIDS Support Services
Schedule of Compensation, Benefits and Other Payments to Ann Lowrey,
Executive Director
For the Year Ended December 31, 2022

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 109,705
Travel (mileage)	<u>900</u>
	<u>\$ 110,605</u>

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

Reports on Internal Control, Compliance, and Other Matters



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*

To the Board of Directors of
Central Louisiana AIDS Support Services
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Louisiana Aids Support Service (CLASS) (a nonprofit organization) which comprise that statement of financial position as of December 31, 2022, and the related statements of activities, cash and functional expenses flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CLASS'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 CLASS's internal control. Accordingly, we do not express an opinion on the effectiveness of CLASS's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

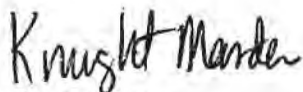
As part of obtaining reasonable assurance about whether CLASS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001.

CLASS's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KnightMasden
Alexandria, Louisiana
June 26, 2023





Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Central Louisiana AIDS Support Services
Alexandria, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Louisiana AIDS Support Services' 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 Central Louisiana AIDS Support Services' major federal programs for the year ended December 31, 2022. Central Louisiana AIDS Support Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Central Louisiana AIDS Support Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central Louisiana AIDS Support Services 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 Central Louisiana AIDS Support Services' 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 Central Louisiana AIDS Support Services' 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 Central Louisiana AIDS Support Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Louisiana AIDS Support Services' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Louisiana AIDS Support Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Louisiana AIDS Support Services' 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 Central Louisiana AIDS Support Services' 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Central Louisiana AIDS Support Services' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Central Louisiana AIDS Support Services' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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



KnightMarden
Alexandria, Louisiana
June 26, 2023

Central Louisiana AIDS Support Services
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2022

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Pass- through to Sub- recipients</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services				
Indirect Programs:				
Louisiana Department of Health and Hospitals:				
Block Grants for Prevention	93.959		\$ -	\$ 95,511
STD/HIV Program	93.940		-	129,865
HIV/AIDS Program	93.917		-	<u>1,463,048</u>
Total U.S. Department of Health and Human Services			-	1,688,424
U. S. Department of Housing and Urban Development				
Indirect Programs:				
Louisiana Department of Health and Hospitals:				
HOPWA	14.241		-	<u>220,315</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$1,908,739</u>

Central Louisiana AIDS Support Services
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Louisiana AIDS Support Services and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Indirect Cost Rate Election

The Central Louisiana AIDS Support Services did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2022.

Note C – Reconciliation of Expenses to Federal Expenditures

Program expenses	\$2,122,802
Non-cash adjustment – depreciation	(7,609)
Non-federal expenditures	<u>(206,454)</u>
Total Federal Expenditures	<u>\$1,908,739</u>

Central Louisiana AIDS Support Services
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

Summary of Auditors' Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditors' report | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified no considered material weakness? | None noted |
| c. Noncompliance material to the financial statements noted? | Yes |

Federal Awards

- | | |
|--|------------------------|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified no considered material weakness? | None noted |
| 3. Any audit findings disclosed that are required to be reported in the accordance with 2CFR section 200.516(a)? | Yes |
| 4. Identification of major programs | |
| Federal Assistance | |
| <u>Listing Number</u> | <u>Federal Program</u> |
| 93.917 | HIV/AIDS Program |
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | Yes |

Central Louisiana AIDS Support Services
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

B. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDING

No Findings

C. Findings and Questioned Costs – Major Federal Award Programs Audit

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through the State of Louisiana

2022-001 Level of Effort Documentation

Condition:

Level of effort for staff is not documented for the year.

Criteria:

Client is not meeting record keeping requirement for the grant.

Effect:

Client is not in compliance with the grant agreement.

Cause:

Time keeping is only tracking employee attendance as a whole and not the scope of work they are working on.

Recommendation:

Document level of effort for each employee.

Response:

See Management's Corrective Action Plan

Central Louisiana AIDS Support Services
Management's Corrective Action Plan
For the Year Ended December 31, 2022

2022-001 Level of Effort Documentation

Recommendation:

Document level of effort for each employee.

Response:

Client has hired a consultant to help establish procedures to track level of effort. Level of effort is being documented as of January 1, 2023

Implementation Date:

January 1, 2023

Contact:

Ann Lowery, Executive Director (318) 442-1010

Central Louisiana AIDS Support Services
Summary of Prior Year Audit Findings
For the Year Ended December 31, 2022

2022-001 Level of Effort Documentation

Condition:

Level of effort for staff is not documented for the year.

Current Year Condition:

See current year finding 2022-001



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Central Louisiana Aids Support Services and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by The Central Louisiana Aids Support Services (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a. Budgeting, including
 - i. preparing,
Policy is not present in the written policies and procedures manual.
 - ii. adopting,
Policy is not present in the written policies and procedures manual.
 - iii. monitoring, and

Policy is not present in the written policies and procedures manual.

- iv. amending the budget.

Policy is not present in the written policies and procedures manual.

b. Purchasing, including

- i. how purchases are initiated;

Policy is present in the written policies and procedures manual.

- ii. how vendors are added to the vendor list;

Policy is not present in the written policies and procedures manual.

- iii. the preparation and approval process of purchase requisitions and purchase orders;

Policy is present in the written policies and procedures manual.

- iv. controls to ensure compliance with the public bid law; and

Policy is not present in the written policies and procedures manual.

- v. documentation required to be maintained for all bids and price quotes.

Policy is not present in the written policies and procedures manual.

c. Disbursements, including

- i. processing,

Policy is not present in the written policies and procedures manual.

- ii. reviewing, and

Policy is not present in the written policies and procedures manual.

- iii. approving

Policy is present in the written policies and procedures manual.

d. Receipts/Collections, including

- i. receiving,

Policy is not present in the written policies and procedures manual.

- ii. recording, and

Policy is not present in the written policies and procedures manual.

- iii. preparing deposits

Policy is not present in the written policies and procedures manual.

- iv. 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.

Policy is not present in the written policies and procedures manual.

e. Rayroll/Personnel, including

- i. payroll processing, and

Policy is present in the written policies and procedures manual.

- ii. reviewing and approving time and attendance records, including leave and overtime worked.

Policy is present in the written policies and procedures manual.

- iii. approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Policy is present in the written policies and procedures manual.

f. Contracting, including

- i. types of services requiring written contracts,

Policy is not present in the written policies and procedures manual.

- ii. standard terms and conditions,

Policy is not present in the written policies and procedures manual.

- iii. legal review,

Policy is not present in the written policies and procedures manual.

- iv. approval process, and

Policy is not present in the written policies and procedures manual.

- v. monitoring process.

Policy is not present in the written policies and procedures manual.

- g. Travel and expense reimbursement, including

- i. allowable expenses,

Policy is present in the written policies and procedures manual.

- ii. dollar thresholds by category of expense,

Policy is not present in the written policies and procedures manual.

- iii. documentation requirements, and

Policy is present in the written policies and procedures manual.

- iv. required approvers.

Policy is present in the written policies and procedures manual.

- h. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including

- i. how cards are to be controlled,

Policy is present in the written policies and procedures manual.

- ii. allowable business uses,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements,

Policy is present in the written policies and procedures manual.

- iv. required approvers of statements, and

Policy is present in the written policies and procedures manual.

- v. monitoring card usage.

Policy is present in the written policies and procedures manual.

- i. Ethics, including

- i. the prohibitions as defined in Louisiana Revised Statute 42:1111-1121,

Not applicable to nonprofits.

- ii. actions to be taken if an ethics violation takes place,

Not applicable to nonprofits.

- iii. system to monitor possible ethics violations, and

Not applicable to nonprofits.

- iv. requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable to nonprofits.

- j. Debt Service, including

- i. debt issuance approval,

Not applicable to nonprofits.

- ii. continuing disclosure/EMMA reporting requirements,

Not applicable to nonprofits.

- iii. debt reserve requirements, and

Not applicable to nonprofits.

- iv. debt service requirements.

Not applicable to nonprofits.

- k. Information Technology Disaster Recovery/Business Continuity, including

- i. identification of critical data and frequency of data backups,

Policy is not present in the written policies and procedures manual.

- ii. storage of backups in a separate physical location isolated from the network,

Policy is not present in the written policies and procedures manual.

- iii. periodic testing/verification that backups can be restored,

Policy is not present in the written policies and procedures manual.

- iv. use of antivirus software on all systems,

Policy is not present in the written policies and procedures manual.

- v. timely application of all available system and software patches/updates, and

Policy is not present in the written policies and procedures manual.

- vi. identification of personnel, processes, and tools needed to recover operations after a critical event.

Policy is not present in the written policies and procedures manual.

- l. Sexual Harassment, including R.S. 42:342-344 requirements for

- i. agency responsibilities and prohibitions,

Policy is present in the written policies and procedures manual.

- ii. annual employee training,

Policy is not present in the written policies and procedures manual.

- iii. annual reporting.

Policy is not present in the written policies and procedures manual.

Management's Response to Section Findings: Exceptions noted above have been added to the policies and procedures manual but are pending board approval.

Board or Finance Committee

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, bylaws, or other equivalent document.

The board met with a quorum on odd numbered months.

- 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 all special revenue funds. Alternatively for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Board meetings include discussions of financial data related to government grants.

- c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable to nonprofits.

- d. 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.

Updates were not given at each meeting until findings are considered fully resolved.

Management's Response to Section Findings: Audit findings will be discussed and documented at board meeting to address exception noted on 2d.

Bank Reconciliations

3. Obtain a listing of client 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:

List was obtained, and client represented that it was complete.

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

All reconciliations were not prepared within 2 months of related statement closing date.

- b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and

The bank reconciliations do not include evidence that a person who is not involved in the cash receipts or cash disbursements process has reviewed the reconciliation.

- 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.

On one of the reconciliations, there is no management documentation reflecting it has researched reconciling items dated over 12 months from the statement date .

Management's Response to Section Findings: Management is working with outside CPA to address the exception noted in 3a through 3c.

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 5 deposit sites (or all deposit sites if less than 5).

List was obtained, and client represented that it was complete.

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, obtain and inspect written policies and procedures relating to employee job duties

(if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Cash drawers/registers are not used.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

The employee responsible for preparing/making bank deposits is responsible for collecting cash.

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

The employee responsible for posting collection entries is responsible for collecting cash.

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

The employee that is responsible for collecting cash or reconciling the account reviews the reconciliation.

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.

Employees with access to cash are covered by a bond.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, 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:

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

The receipts were not sequentially pre-numbered.

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

Not applicable as the receipts were not sequentially pre-numbered.

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

For all deposits tested, the total deposit slip equaled the total deposit per the bank statement.

- 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 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).

For all deposits tested, deposit was made within 1 business day.

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

For all deposits tested, the deposit per the bank statement equaled the deposit per the general ledger.

Management's Response to Section Findings: The majority of funds the organization receives is through ACH or EFT. Management does not feel the small amount of funds received as checks requires have another employee involved in the collection process to overcome exceptions noted in 5a through 5d and 7a.

Non-Payroll Disbursements

8. 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).

A list was obtained. Client represented that it was complete.

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 the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

Two employees are involved in processing and approving payments to vendors.

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

Employee responsible for processing payments does add and/or modify vendor files, and no other employee is responsible for periodically reviewing changes to vendor files.

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

Signed checks are returned to the employee responsible for processing payments for mailing.

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfers (EFT), wire transfer, or some other electronic means.

An employee not authorized to sign checks can approve the electronic disbursements.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

The disbursements tested matched the related original invoice/billing statement.

- b. Observe whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

The disbursements tested included evidence of segregation of duties.

11. Using the entity's main operating account and the month selected in procedure 7, randomly select 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

None of the disbursements selected were approved by a person authorized to disburse funds.

- b. Approved by the required number of authorized signs per the entity's policy.

None of the disbursements selected were approved by the required number of authorized signs per the entity's policy.

Management's Response to Section Findings: Management is in the process of refiguring finance/accounting duties and exceptions noted in 9c, 9d, 9e, 11a and 11b are being considered.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

12. 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.

A list was obtained. Client represented that it was complete.

13. 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:

- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

Written evidence that statements and supporting documents are reviewed and approved were present on all but two statements.

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

The finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under #12 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. For each transaction, observe that it is supported by

- a. an original itemized receipt that identifies precisely what was purchased,

An original itemized receipt that identified exactly what was purchased was present in all tested transactions.

- b. written documentation of the business/public purpose, and

Written documentation of the business purpose was present in the tested transactions.

- c. documentation of the individuals participating in meals (for meal charges only).

There was documentation of individuals participating in meals for the items selected.

Management's Response to Section Findings: Management is in the process of refiguring finance/accounting duties and exceptions noted in 13a are being considered.

Travel and Travel-Related Expense Reimbursements

15. 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, 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:

A list was obtained. Client represented that it was complete.

- 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).

Approved per diem rate used.

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

An itemized receipt that identified precisely what was purchased was included for all tested items.

- 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 (procedure #1h).

Supporting documentation of the business purpose was present in all transactions.

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

Reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement for all of the transactions tested.

Management's Response to Section Findings: No exceptions noted.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A list was obtained. Client represented that it was complete.

- 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.

No contracts were subject to the Louisiana Bid Law.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law.

No contracts required approval by governing board.

- c. If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No contracts were amended.

- d. 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.

All transactions tested had supporting invoice and agreed to terms of the contract.

Management's Response to Section Findings: No exceptions noted.

Payroll and Personnel

17. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A list was obtained. Client represented that it was complete.

18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees/officials documented their daily attendance and leave.

Documentation of daily attendance and leave taken was present for all employees tested.

- b. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Supervisor approved attendance and leave was not present for all employees tested.

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

Leave taken during pay period was reflected in the entity's cumulative leave records.

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

All rates agree to the rate per the personnel file.

19. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree hours to the employee or officials' cumulative leave record, agree the pay

rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

A list was obtained. Client represented that it was complete. Termination checks were calculated correctly.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Representation that payments and forms have been filed and paid by required deadlines.

Management's Response to Section Findings: No exceptions noted.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable to non-profits.

- b. Observe whether the entity maintains documentation which demonstrates each employee/official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable to non-profits.

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

Not applicable to non-profits.

Management's Response to Section Findings: No exceptions noted.

Debt Service

23. 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.

Not applicable to non-profits.

24. 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 to non-profits.

Management's Response to Section Findings: No exceptions noted.

Fraud Notice

25. 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.

No misappropriation of public funds in current year.

26. 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.

Entity has notice posted.

Management's Response to Section Findings: No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures,
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure 18. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

Management's Response to Section Findings: Management discussed findings with auditor.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No sexual harassment training was documented for the year.

30. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Client has sexual harassment policy posted.

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

No reporting was done.

- a) Number and percentage of public servants in the agency who have completed the training requirements;

Not reported

- b) Number of sexual harassment complaints received by the agency;

Not reported

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

Not reported

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not reported

- e) Amount of time it took to resolve each complaint.

Not reported

Management's Response to Section Findings: Management will begin holding sexual harassment training and writing required annual report.

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.

The purpose of this report is 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.



KnightMasden
Alexandria, Louisiana
June 26, 2023



KnightMasden

A Professional Accounting Corporation