

**LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023**

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

TABLE OF CONTENTS
JUNE 30, 2023

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of financial position.....	2
Statement of activities.....	3
Statement of functional expenses.....	4
Statement of cash flows.....	5
Notes to financial statements.....	6-16
SUPPLEMENTARY INFORMATION:	
Schedule I – Schedule of compensation, benefits, and other payments to Executive Director.....	17
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS:	
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 <i>Government Auditing Standards</i>	18-19
Schedule of Findings and Questioned Costs.....	20-21
Summary Schedule of Prior Audit Findings.....	22
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED UPON PROCEDURES	23-32

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Louisiana Center for the Blind, Inc.
Ruston, Louisiana

Opinion

We have audited the accompanying financial statements of the Louisiana Center for the Blind, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, 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 Louisiana Center for the Blind, Inc. as of June 30, 2023, 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 of 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 Louisiana Center for the Blind, Inc. 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 audit opinion.

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 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 Louisiana Center for the Blind, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Louisiana Center for the Blind, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisiana Center for the Blind, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Executive Director is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Board of Directors
Louisiana Center for the Blind, Inc.
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the Louisiana Center for the Blind, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Center for the Blind, Inc.'s internal control over financial reporting and compliance.

David M. Hart, CPA (APAC)

West Monroe, Louisiana
December 12, 2023

FINANCIAL STATEMENTS

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

Assets	
Current assets	
Cash and cash equivalents	\$ 267,672
Accounts receivable (net of allowance for uncollectible of \$37,350)	585,677
Accounts receivable - other	153,429
Investments	1,278,599
Prepaid expenses	17,897
Prepaid income taxes	<u>-</u>
Total current assets	<u>\$ 2,303,274</u>
Property and equipment	
Land	\$ 156,570
Building and improvements	3,349,395
Machinery and equipment	450,150
Furniture	51,810
Vehicles	<u>169,195</u>
	\$ 4,177,120
Less accumulated depreciation and amortization	<u>(2,905,358)</u>
Total property and equipment (net)	<u>\$ 1,271,762</u>
Total assets	<u><u>\$ 3,575,036</u></u>
Liabilities and net assets	
Current liabilities	
Accounts payable	\$ 30,227
Income Taxes Payable	3,263
Compensated absences payable	<u>112,371</u>
Total current liabilities	<u>\$ 145,861</u>
Net assets	
Without donor restrictions	
Undesignated	\$ 3,421,363
Designated	-
With donor restrictions	<u>7,812</u>
Total net assets	<u>\$ 3,429,175</u>
Total liabilities and net assets	<u><u>\$ 3,575,036</u></u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Revenue and support without donor restrictions	
Unrestricted revenues and gains	
Contributions	\$ 99,930
Federal financial assistance	142,716
Louisiana financial assistance	525,000
Program service fees	965,876
Investment return	89,269
Fund-raising income-bingo and other	1,326,317
Grants	41,118
Other	<u>192,222</u>
Total unrestricted revenues, gains, and other support	\$ 3,382,448
Net assets released from restrictions	
Restrictions satisfied by payments	<u>542</u>
Total unrestricted revenues, gains, other support, and reclassifications	<u>\$ 3,382,990</u>
Expenses and losses	
Program services	
Training program	\$ 2,080,034
Buddy program	-
Step program	<u>1,157</u>
Total program services	\$ 2,081,191
Supporting services	
Management and general	484,162
Fund-raising	1,265,321
Unallocated payments to affiliated organizations	<u>-</u>
Total expenses and losses	<u>\$ 3,830,674</u>
Change in net assets without donor restrictions	<u>\$ (447,684)</u>
Changes in net assets with donor restrictions	
Net assets released from restrictions	<u>(542)</u>
Change in net assets with donor restrictions	<u>\$ (542)</u>
Decrease in net assets	<u>\$ (448,226)</u>
Net assets at beginning of year	<u>3,877,401</u>
Net assets at end of year	<u><u>\$ 3,429,175</u></u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.
MONROE, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		Total
	Training Program	Program Buddy	STEP Program	Management and General	Bingo Fund- Raising	
Compensation and related expense						
Compensation	\$ 590,638	\$ -	\$ -	\$ 61,697	\$ 46,960	\$ 699,295
Payroll taxes	58,904	-	-	4,727	2,957	66,588
Fringe benefits	115,475	-	-	32,402	-	147,877
Total compensation and related expenses	765,017	-	-	98,826	49,917	913,760
Other expenses						
Conference and training	38,468	-	-	15,452	-	53,920
Bad debt	-	-	-	158,593	-	158,593
Depreciation and amortization	83,282	-	1,157	-	-	84,439
Dues and reference materials	-	-	-	3,552	-	3,552
Insurance	-	-	-	-	-	-
Property and casualty	124,103	-	-	39,945	-	164,048
Vehicles	28,468	-	-	-	-	28,468
Workers' compensation	4,563	-	-	1,141	-	5,704
Income tax on unrelated business income	-	-	-	-	10,373	10,373
Occupancy:						
Electricity, gas, water, and sewer	49,651	-	-	1,167	-	50,818
Maintenance	104,509	-	-	14,527	-	119,036
Rent	-	-	-	1,220	70,700	71,920
Postage and shipping	-	-	-	2,738	-	2,738
Printing	-	-	-	-	-	-
Prizes	-	-	-	852	1,014,864	1,015,716
Professional fees	-	-	-	68,667	-	68,667
Recreational activities	41,359	-	-	-	-	41,359
Service charges & investment fees	3	-	-	3,830	-	3,833
Specific assistance	687,745	-	-	-	-	687,745
Supplies:						
Fund-raising, bingo, and other	-	-	-	-	117,382	117,382
Cleaning	45,206	-	-	7,208	-	52,414
Education	43,892	-	-	-	-	43,892
Office	-	-	-	15,387	-	15,387
Other	-	-	-	2,544	-	2,544
PPE	-	-	-	833	-	833
Telephone	9,581	-	-	8,956	-	18,537
Transportation - fuel, repairs, & other	16,387	-	-	6,831	-	23,218
Travel - lodging & meals	4,460	-	-	26,163	-	30,623
Other	33,340	-	-	5,730	2,085	41,155
Total expenses	<u>\$ 2,080,033</u>	<u>\$ -</u>	<u>\$ 1,157</u>	<u>\$ 484,162</u>	<u>\$ 1,265,321</u>	<u>\$ 3,830,674</u>

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.
MONROE, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Decrease in net assets	\$ (448,226)
Adjustments to reconcile net increase in net assets to cash provided by operating activities:	
Depreciation and amortization	84,439
Bad debt expense	158,593
Non-cash contributions	(41,118)
Realized (gains) on investments	(44,951)
Unrealized losses on investments	29,959
(Increase) decrease in operating assets	
Accounts receivable	(22,687)
Prepaid expenses	(6,074)
Prepaid income taxes	7,110
Increase (decrease) in operating liabilities	
Accounts payable	157
Compensating absences payable	13,631
Income tax payable	3,263
	<u>3,263</u>
Net cash (used) operating activities	<u>\$ (265,904)</u>
Cash flows from investing activities	
Proceeds on sales of investments	\$ 599,638
Purchase of short-term investments, net	(339,545)
Payments for property and equipment	<u>(12,509)</u>
Net cash provided by investing activities	<u>\$ 247,584</u>
Net decrease in cash and cash equivalents	<u>\$ (18,320)</u>
Beginning cash and cash equivalents	<u>\$ 285,992</u>
Ending cash and cash equivalents	<u><u>\$ 267,672</u></u>
Supplemental information	
Interest paid	\$ 766
Income taxes paid	\$ -

The accompanying notes are an integral part of this financial statement.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Louisiana Center For The Blind, Inc. (Organization) in Ruston, Louisiana, operates a training facility for blind adults. The Organization works towards integrating the blind into the social and economic life of their community through training in the skills of blindness and by encouraging the development of positive attitudes about blindness. The Organization receives a fixed monthly fee for each student in the program from the student's home state.

The Organization is supported primarily through legislative state and federal grant programs, "bingo" fund-raising, and contributions by affiliate organizations, private companies, and individuals.

Contributed Services

During the year ended June 30, 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and may perform a variety of tasks that assist the Organization at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts for assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those assumed in valuing the market value of investments, expected return on investments, and the useful lives of depreciable assets. It is at least possible that the significant estimates will change within the next year.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

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

Net assets without donor restrictions – Net assets which are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will either (1) expire by incoming expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). 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.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liability according to the nearness of their maturity and resulting use of cash.

Support and Revenues

Certain revenues received under government grant programs are subject to audit by the providing agency. Contributions are considered to be available for unrestricted use unless specifically restricted by the grantor or the Board of Directors.

Accounts Receivable

The Organization has recognized an allowance for uncollectible accounts in the amount of \$37,350 for the current period based on six (6) percent of the outstanding balance. During the current period, due to the unusual circumstances of COVID-19 (see the subsequent events footnote), some receivables were deemed beyond a reasonable collection period and could no longer be pursued with the agency that owed for the services. \$121,243 has been charged to uncollectible receivables for the current period. Bad debt expense totaled \$158,593 during the current period.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Under ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, the Organization realized a profit of \$55,886 in unrelated business taxable income related to fund-raising activity for the current year. The unrelated business income tax reported on IRS Form 990-T for the year ended June 30, 2023, was \$10,373. The tax years ending June 30, 2021, 2022, and 2023, are subject to examination by the Internal Revenue Service. The Organization is not currently under examination by the Internal Revenue Service.

Investments

Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of one year or less to be cash equivalents.

Compensated Absences

Employees of the Organization are entitled to paid vacations and sick days depending on the length of service to the Organization. Permanent full-time employees earn sick leave at the rate of one day per month of employment, given on the last day of the first full month of employment. Sick leave can be accrued up to one month or a total of 480 hours. Sick leave in excess of 480 hours will be lost. No pay is granted at termination for any earned sick leave.

Permanent full-time employees may earn up to ten days per year of annual leave at the rate of one day (8 hours) per month of employment. Five of the ten annual leave days must be taken during a period specified by the Executive Director and the remaining five annual leave days may be taken with the approval of the Director. Employees terminating their employment, whether voluntarily or involuntarily, will not be paid for accrued annual leave.

The Organization accrued compensated absences in the amount of \$112,372 for the year ended June 30, 2023.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the book balance of the Organization's deposits was \$285,991. The following is a summary of specific account information by custodial institution:

<u>Credit Risk</u>	<u>Book Balance</u>	<u>Account Balance</u>	<u>Average Interest Rate</u>
Cash on hand	\$ 2,031		
<u>First National Bank, Ruston, Louisiana</u>			
Operating account	\$ 45,637	\$ 44,179	.25%
"Contribution" money market	15,432	23,057	.25%
"Buddy" operating account	19,976	19,976	.25%
"STEP" operating account	8,470	9,049	.25%
	<u>\$ 89,515</u>	<u>\$ 96,261</u>	
<u>Origin Trust Bank, Ruston, Louisiana</u>			
"Bingo" operating account	\$ 173,234	\$ 180,949	
<u>Charles Schwab Institutional</u>			
Schwab One Account	\$ 2,892	\$ 2,892	.30%
Total cash and cash equivalents	<u>\$ 267,672</u>		

The Organization has secured its deposits with FDIC insurance and pledged securities, when applicable, at each financial institution.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, consists of the following:

Various state agencies for tuition and expenses	\$ 496,567
Louisiana Rehabilitation Services	125,961
Other	<u>500</u>
	<u>\$ 623,028</u>

The receivables represent tuition, grant and support revenues related to services provided before June 30, 2023. There were \$380,022 of account receivable balances over 90 days past due. During the current period \$121,243 was deemed uncollectible and charged off as bad debt.

The Organization has recognized an allowance for uncollectible accounts totaling \$37,350 for the current period. The director must approve all debts for write-off after being satisfied that the recovery procedures have been complied with and that all reasonable attempts at recovery have been satisfied.

LOUISIANA CENTER FOR THE BLIND
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - SHORT-TERM INVESTMENTS

The Organization has short-term investments in equities, mutual funds, fixed income funds, and bond funds. Investments are summarized as follows:

	Cost Basis	Fair Market Value Basis	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Unrealized Gain (Loss)
Charles Schwab Investments						
Cash Equivalents	<u>\$ 2,853</u>					
Exchange Traded Funds	\$ 54,948	\$ 70,313	\$ 70,313	\$ -	\$ -	\$ 15,365
Mutual Funds						
Mutual Funds - Bond Funds	4,645	4,014	4,014			(631)
Mutual Funds - Equity Funds	8,248	8,722	8,722			474
Charles Schwab Investments Totals	<u>\$ 67,841</u>	<u>\$ 83,049</u>	<u>\$ 83,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,208</u>
Chase Investment Services Corp.						
Cash Equivalents	<u>\$ 39</u>					
Fixed Income						
Franklin Income Class A	\$ 1,178,023	\$ 1,137,101	\$ 1,137,101	\$ -	\$ -	\$ (40,922)
Charles Schwab Investments Totals	<u>\$ 1,178,023</u>	<u>\$ 1,137,101</u>	<u>\$ 1,137,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (40,922)</u>
American Funds Service Co.						
Mutual Funds	29,715	46,537	46,537	-	-	16,822
LKCM Fund						
Mutual Funds						
Equity Fund Institutional Class	<u>8,320</u>	<u>11,913</u>	<u>11,913</u>	<u>-</u>	<u>-</u>	<u>3,593</u>
Total investments without cash and cash equivalents	<u>\$ 1,283,899</u>	<u>\$ 1,278,600</u>	<u>\$ 1,278,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,299)</u>

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 - SHORT-TERM INVESTMENTS (continued)

The investments in Franklin Income Class A represent eighty-nine (89%) percent of the investments and exceeded five (5%) percent of the investment portfolio.

Short-term investments are stated at fair value as of June 30, 2023, in the amount of \$1,278,599.

All short-term investments were unrestricted. Investment costs for the fiscal year ended June 30, 2023, were \$3,064.

The following schedule summarizes the unrestricted investment return and its classification in the statement of activities for the current fiscal year:

Dividend income	\$	72,759
Interest income		86
Net realized gains from sale of securities		44,951
Net unrealized losses on investments		(29,959)
Capital gain distributions		<u>1,432</u>
Total investment return	\$	<u>89,269</u>

NOTE 5 - PROPERTY AND EQUIPMENT

All expenditures for land, buildings, and equipment in excess of \$500 are capitalized. Certain assets, such as computer software, are amortized for three years. Depreciation is computed by the straight-line method, beginning in the month of acquisition, based on the following estimated useful lives:

Instructional buildings and apartment complex	20/40 years
Student activity center	15 years
Leasehold improvements	10 years
Furniture and fixtures	7 years
Office equipment	5 years
Transportation equipment	5 years

Depreciation and amortization expense for the year ended June 30, 2023, was \$84,439. Depreciation expense is reported as program and supporting services and unrestricted net assets in the statement of activities.

Property and equipment, stated at cost, consist of the following at June 30, 2023:

	Cost	Accumulated Depreciation
Land	\$ 156,570	\$ -
Vehicles	169,195	167,036
Buildings and improvements	3,349,395	2,346,867
Machinery and equipment	450,150	340,649
Furniture and fixtures	<u>51,810</u>	<u>50,806</u>
	\$ 4,177,120	-
Accumulated depreciation and amortization	<u>(2,905,358)</u>	<u>\$ 2,905,358</u>
Total	<u>\$ 1,271,762</u>	

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 - FEDERAL FINANCIAL ASSISTANCE

The Organization has been awarded various contracts from the federal government to provide education services to residents. The contract is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended June 30, 2023, was as follows:

State of Louisiana, Department of Social Services Louisiana Rehabilitation Services	
Purpose: to provide independent living services, training, and support to older blind individuals	\$ <u>142,716</u>
Total federal contract	\$ <u>142,716</u>

APH Federal Quota

The Federal Act to Promote the Education of the Blind was enacted by Congress in 1879. This Act is a means for providing adapted educational materials to eligible students who meet the definition of blindness. An annual registration of eligible students determines a per capita amount of money designated for the purchase of education materials produced by the American Printing House for the Blind (APH). These funds are credited to Federal Quota accounts.

The Organization received \$41,118 of materials and equipment during the current fiscal year.

Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of the noncompliance by the Louisiana Center for the Blind, with the terms of the grants.

NOTE 7 - CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of money market accounts. The Organization places its temporary cash and money market accounts with creditworthy, high-quality financial institutions and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution salary deferral plan, qualified under Internal Revenue Code 403 (b), for the benefit of its eligible employees. Under the plan, the Organization contributes one and one-half (1 ½%) percent of each eligible employee's salary and also matches dollar for dollar up to another one and one-half (1 ½%) percent of each eligible employee's salary. Retirement contributions by the Organization during the period June 30, 2023, was \$14,894.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practical to estimate such value:

Cash and cash equivalents: For these instruments, the carrying amount is a reasonable estimate of fair value.

Investment securities: For investment securities with readily determinable fair values, all investments in debt securities are based upon quoted market prices, if available. If a quoted market value is not available, fair value is estimated using quoted market prices of similar products or pricing models.

The Organization has determined the estimated market value amounts by using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Organization could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated values.

	<u>June 30, 2023</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:		
Cash and cash equivalents	\$ 267,672	\$ 267,672
Investment securities:		
Stocks, bonds, and notes	\$ 1,278,599	\$ 1,278,599

The following are the major categories of assets and liabilities at fair value on a recurring basis during the year ended June 30, 2023, using quoted markets for identical assets (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Investment securities:				
Stocks, bonds, and notes	\$ 1,278,599	\$ -	\$ -	\$ 1,278,599

NOTE 10 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 - OPERATING LEASE

The Organization entered into an operating lease on May 15, 2014, for building and premises located at 804 Cypress Street, West Monroe, Louisiana, containing approximately 9,000 square feet for purposes of conducting bingo games. The rent expense will be \$700 per session. The lease will be on a month-to-month basis. This lease may be cancelled by either party with 30 days written notice.

The rent expense related to this property for the year ended June 30, 2023, was \$70,700.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Composition of net assets with donor restrictions

The following is the composition by type of fund of net assets with donor restrictions as of June 30, 2023:

	<u>Time Restricted</u>	<u>Purpose Restricted</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Contributions - Buddy Program	\$	\$ 360	\$	\$ 360
BlueCrossBlueShield Foundation Grant		7,452		7,452
Total	<u>\$</u>	<u>\$ 7,812</u>	<u>\$</u>	<u>\$ 7,812</u>

The Blue Cross Blue Shield of Louisiana Foundation Grant

The Center received \$22,248 in scholarship funds during the 2019-2020 fiscal year to promote the wellness and well-being of Louisianians by supporting health and education-related causes. In the current fiscal year, the project has transitioned to "My Money Stories" and the organization no longer must report to BlueCrossBlueShield. \$542 of the funding was expended during this year and released.

The \$7,812 balance represents donor restricted funds as of June 30, 2023.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 13 - SUBSEQUENT EVENTS

In accordance with ASC 855, the Louisiana Center for the Blind, Inc. evaluated subsequent events through December 12, 2023, the date these financial statements were available to be issued. There were no subsequent events to report.

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions.

Cash and cash equivalents	\$ 267,672
Accounts receivable	585,677
Accounts receivable - Other	153,429
Investments	1,278,599
Prepaid expenses	17,897
Prepaid income taxes	<u> -</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,303,274</u>

As part of the Center's liquidity management, the investments are short term investments.

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENT

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which modifies the guidance used by lessors and lessees to account for leasing transactions. It is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years beginning after December 15, 2022. The Organization adopted ASU 2016-02 using the optional transition method, which allows for the prospective application of the standard. In addition, the Organization elected practical expedients permitted under the transition guidance permitting the Organization to not reassess historical lease classification, prior conclusions relating to initial direct costs, and whether any expired or existing contracts are or contain leases. For lease agreements with lease and non-lease components, the Organization elected the practical expedient to account for them as a single lease component. Upon adoption of ASU 2016-02, which was effective for the Organization on July 1, 2022, the Organization did not have to recognize an adjustment, as all the Organization's leases are less than twelve months. Adoption did not have an effect on net income or cash flows.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 16 - ACCOUNTS RECEIVABLE - OTHER

The Employee Retention Tax Credit (ERTC)

The Organization has applied for Employee Retention Tax Credits from the United State Treasury during the current fiscal year ended June 30, 2023. The credit is a refundable tax credit for businesses and tax-exempt organizations that had employees and were affected during the COVID-19 pandemic. Amended payroll quarterly reports were filed for the quarters ending September 30, 2020 for \$5,197, December 31, 2020 for \$82,428, and March 31st, 2021 for \$65,804 totaling \$153,429.

SUPPLEMENTARY INFORMATION

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA

SCHEDULE I - SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED JUNE 30, 2023

Pamela Allen, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$63,367
Benefits-insurance	21,218
Benefits-retirement	1,901
Benefits-other	N/A
Car allowance	N/A
Vehicle provided by Organization	N/A
Per diem	1,130
Reimbursements	N/A
Travel	N/A
Registration fees	60
Conference travel	N/A
Continuing professional education fees	N/A
Housing	N/A
Unvouchered expenses	N/A
Special meals	N/A
Other- annual dues	175

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors of
Louisiana Center for the Blind, Inc.
Ruston, 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 the Louisiana Center for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 December 12, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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 determination of financial statement amounts. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Louisiana Center for the Blind, Inc.
Ruston, Louisiana
Page 2

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Nant, CPA (APAC)

West Monroe, Louisiana
December 12, 2023

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

To The Board of Directors
Louisiana Center for the Blind, Inc.
Ruston, Louisiana

We have audited the financial statements of Louisiana Center for the Blind, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated December 12, 2023. 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 audit of the financial statements as of June 30, 2023, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness _____ yes X no
Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards

Material Weakness Identified _____ yes X no
Significant Deficiencies not considered to be
Material Weaknesses _____ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified _____ Qualified _____
Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A
Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

LOUISIANA CENTER FOR THE BLIND, INC.
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Internal Control and Compliance Material to the Financial Statements

This section not applicable.

Internal Control and Compliance Material to Federal Awards

This section not applicable.

Management Letter

This section not applicable.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Louisiana Center for the Blind, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Louisiana Center for the Blind, Inc. (the 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 July 1, 2022 through June 30, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Center for the Blind, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period June 1, 2022 through June 30, 2023. 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 and related exceptions obtained are described in the attachment to this report.

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

We are required to be independent of the Louisiana Center for the Blind, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

David M. Hartt, CPA (APAC)

West Monroe, Louisiana
December 12, 2023

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
 - xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There was no evidence that the bank reconciliations were prepared within two months of the related statement closing date.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #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.

No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

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

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
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This section not applicable.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

This section not applicable.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 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;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

No exceptions noted.