BLUE KREWE

FINANCIAL STATEMENTS

December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Blue Krewe
New Orleans, Louisiana

Opinion

We have audited the financial statements of the Blue Krewe, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Blue Krewe as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Blue Krewe, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 the Blue Krewe's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Blue Krewe's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2026 on our consideration of Blue Krewe's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Blue Krewe's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Krewe's internal control over financial reporting and compliance.

Metairie, Louisiana
September 30, 2026

Wegmann Dazet, APC

BLUE KREWE
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 105,157	$ 400,960
Accounts receivable	123,908	168,553
Prepaid insurance	43,975	44,022
Prepaid software licensing	33,090	79,170
Total current assets	306,130	692,705
Operating lease right-of-use asset, net	439,631	103,875
Financing lease right-of-use asset - bikes, net	67,816	80,126
Capital assets not yet placed in service	1,037,500	-
Property and equipment, net	58,455	49,078
Deposits	6,312	6,312
Total assets	$ 1,915,844	$ 932,096
LIABILITIES		
Current liabilities		
Line of credit	$ 110,000	$ -
Accounts payable and accrued expenses	51,496	6,142
Accrued payroll and related liabilities	27,786	29,975
Other current liabilities	113,492	-
Current portion of operating lease obligations	74,929	76,137
Current portion of finance lease obligations	21,952	130,860
Total current liabilities	399,655	243,114
Operating lease obligations, net	366,438	32,852
Financing lease obligations, net	60,008	-
Refundable advances	265,173	234,000
Total liabilities	1,091,274	509,966
NET ASSETS		
Net assets		
Without donor restrictions	824,570	422,130
Total net assets	824,570	422,130
Total liabilities and net assets	$ 1,915,844	$ 932,096

See accompanying Notes to Financial Statements.

BLUE KREWE
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support, and grants			
Sponsorships	$ 278,034	$ -	$ 278,034
Grants	1,057,903	-	1,057,903
Ride revenue	672,111	-	672,111
Contributions	593	-	593
Station sponsorship	20,000	-	20,000
Interest income	1,757	-	1,757
Other income	43,270	-	43,270
Total revenues, support, and grants	2,073,668	-	2,073,668
Expenses			
Program services			
Bikeshare	1,422,686	-	1,422,686
Supporting services			
Management and general	242,174	-	242,174
Fundraising	6,368	-	6,368
Total expenses	1,671,228	-	1,671,228
Change in net assets	402,440	-	402,440
Net assets			
Beginning of year	$ 422,130	$ -	$ 422,130
End of year	$ 824,570	$ -	$ 824,570

See accompanying Notes to Financial Statements.

BLUE KREWE
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support, and grants			
Sponsorships	$ 707,000	$ -	$ 707,000
Ride revenue	745,663	-	745,663
Contributions	1,350	-	1,350
Station sponsorship	70,000	-	70,000
Interest income	5,392	-	5,392
Other income	68,778	-	68,778
Total revenues, support, and grants	1,598,183	-	1,598,183
Expenses			
Program services			
Bikeshare	1,515,103	-	1,515,103
Supporting services			
Management and general	462,457	-	462,457
Fundraising	58,524	-	58,524
Total expenses	2,036,084	-	2,036,084
Other expenses			
Impairment loss	104,602	-	104,602
Total other expenses	104,602	-	104,602
Change in net assets	$ (542,503)	$ -	$ (542,503)
Net assets			
Beginning of year, as previously reported	$ 939,751	$ -	$ 939,751
Prior period adjustment	24,882	-	24,882
Beginning of year, as adjusted	964,633	-	964,633
Change in net assets	(542,503)	-	(542,503)
End of year	$ 422,130	$ -	$ 422,130

See accompanying Notes to Financial Statements.

BLUE KREWE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025

	Program Services	Supporting Services		
	Bikeshare	Management and General	Fundraising	Total expenses
Bank charges	$ -	$ 468	$ -	$ 468
Depreciation expense	33,123	-	-	33,123
Equipment repairs and maintenance	1,376	-	-	1,376
Facilities expense	11,892	1,766	-	13,658
Fringe benefits	5,469	37,096	-	42,565
Insurance	135,962	909	-	136,871
Interest expense	-	4,297	-	4,297
Lease amortization bike expense	28,266	3,141	-	31,407
Lease amortization warehouse expense	84,782	9,420	-	94,202
Legal fees	38,250	12,750	-	51,000
Marketing and promotion	8,301	-	-	8,301
Office expenses	4,313	4,683	-	8,996
Operations parts and supplies	9,923	1,604	-	11,527
Payroll service fees	2,101	701	-	2,802
Payroll taxes	47,552	10,156	3,225	60,933
Professional fees	-	85,265	-	85,265
Rental equipment	37,799	-	-	37,799
Salaries and wages	712,477	62,916	3,143	778,536
Software expense - bikes	13,086	-	-	13,086
Taxes and licenses	-	5,244	-	5,244
Tech fee expense	201,874	-	-	201,874
Travel	1,891	-	-	1,891
Vehicle expenses	28,426	-	-	28,426
Worker's compensation	15,823	1,758	-	17,581
Total expenses	$ 1,422,686	$ 242,174	$ 6,368	$ 1,671,228

See accompanying Notes to Financial Statements.

BLUE KREWE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2024

	Program Services	Supporting Services		
	Bikeshare	Management and General	Fundraising	Total expenses
Bank charges	$ -	$ 450	$ -	$ 450
Contract labor	-	150	-	150
Depreciation expense	30,773	-	-	30,773
Equipment repairs and maintenance	968	-	-	968
Facilities expense	19,831	-	-	19,831
Fringe benefits	42,141	9,000	2,858	53,999
Insurance	74,388	2,896	-	77,284
Lease amortization bike expense	118,664	-	-	118,664
Lease amortization warehouse expense	90,862	-	-	90,862
Legal fees	-	137,541	-	137,541
Marketing and promotion	-	8,620	3,443	12,063
Office expenses	-	13,157	-	13,157
Operations parts and supplies	18,582	-	-	18,582
Payroll service fees	-	2,283	-	2,283
Payroll taxes	57,462	12,272	3,897	73,631
Professional fees	-	118,488	-	118,488
Rental equipment	32,715	-	-	32,715
Salaries and wages	712,603	152,193	48,326	913,122
Software expense - bikes	60,100	-	-	60,100
Taxes and licenses	-	2,373	-	2,373
Tech fee expense	224,058	-	-	224,058
Vehicle expenses	26,067	-	-	26,067
Worker's compensation	5,889	3,034	-	8,923
Total expenses	$ 1,515,103	$ 462,457	$ 58,524	$ 2,036,084

See accompanying Notes to Financial Statements.

BLUE KREWE
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 402,440	$ (542,503)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	33,123	30,773
Impairment losses	-	104,602
Non-cash operating lease expense	72,759	70,180
Finance lease asset amortization	12,310	118,664
(Increase) decrease in operating assets:		
Accounts receivable	44,645	(9,791)
Prepaid insurance	47	(21,520)
Prepaid software licensing	39,180	93,903
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	45,354	(21,570)
Accrued payroll and related liabilities	(2,189)	1,014
Refundable advance	31,173	117,000
Other liabilities	113,492	-
Operating lease obligations	(76,137)	(104,024)
Net cash provided (used) by operating activities	716,197	(163,272)
Cash flows from investing activities:		
Purchase of property and equipment	(1,080,000)	(11,643)
Net cash used by investing activities	(1,080,000)	(11,643)
Cash flows from financing activities:		
Borrowings under line of credit	110,000	-
Repayments on financing leases	(42,000)	-
Net cash provided by financing activities	68,000	-
Net decrease in cash and cash equivalents	(295,803)	(174,915)
Cash and cash equivalents at beginning of year	400,960	575,875
Cash and cash equivalents at end of year	$ 105,157	$ 400,960

See accompanying Notes to Financial Statements.

1) Nature of activities

Blue Krewe (the "Organization") is a local community-based nonprofit that operates and manages Blue Bikes in the Greater New Orleans region. Blue Krewe provides an equitable bikeshare solution that is an affordable, fun, and convenient transportation option for all.

2) Summary of significant accounting policies

The significant accounting policies followed by the Organization are summarized as follows:

a) Cash and cash equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

b) Accounts receivable and allowance for credit losses

The Organization has contracted with a third-party service provider (the "Platform Provider") to facilitate delivery and payment through a mobile application. The Platform Provider collects customer payments on behalf of the Organization, deducts a service fee, and remits the net proceeds to the Organization on a monthly basis. The amounts collected by the Platform Provider but not yet remitted to the Organization are recognized as accounts receivable.

Management considers the following factors when determining the collectability of account balances: past transaction history, current economic conditions and changes in customer payment terms. Accounts are considered overdue if uncollected within ninety days. No allowance for credit losses has been provided, as management has evaluated the remaining accounts and believes them all to be collectible.

Accounts receivable due from the Platform Provider for the years ended December 31 is as follows:

	2025	2024	2023
Accounts receivable	$ 123,908	$ 168,553	$ 158,762

c) Right-of-use leased assets and liabilities

Right-of-use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

The carrying values of the right-of-use assets are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Total impairment loss related to right-of-use assets were $-0- and $82,144 during the year ended December 31, 2025 and 2024, respectively.

2) Summary of significant accounting policies (continued)

d) Property and equipment

Property and equipment additions over $2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years, or in the case of leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Total impairment loss related to assets held for use or sale were $-0- and $22,458 during the year ended December 31, 2025 and 2024, respectively.

e) Financial statement presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

f) Revenue recognition

Revenue from bikeshare rides is recognized by the Organization when control of the service is transferred to the customer, which occurs at the point of service, typically the ride completion. In accordance with Accounting Standards Codification ("ASC") 606, *Revenue Recognition*, the Organization has evaluated the principal-versus-agent considerations and determined that it is the principal in the arrangement because it:

- Controls the service before it is transferred to the customer,
- Has discretion in setting pricing, and
- Bears the risks and rewards of the service offering.

Accordingly, revenue is recognized at the gross amount paid by the customer. The Platform Provider's fees are recorded as an expense in the accompanying statements of activities.

2) Summary of significant accounting policies (continued)

f) Revenue recognition (continued)

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give received before the condition is substantially met, are recorded as refundable advances on the statement of financial position.

g) In-kind contributions

Contributed nonfinancial assets such as donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. The financial statements do not reflect the value of contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. There were no nonfinancial contributions received during the years ended December 31, 2025 and 2024.

h) Advertising costs

Advertising costs are expensed as incurred.

i) Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to the program and supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

j) Taxes

Blue Krewe is organized as a Louisiana nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to the Organization's exempt purposes. Management has determined the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management of the Organization believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal, state and local income tax examinations by tax authorities beyond three years from the filing of those returns.

k) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the Organization to make estimates and assumptions that affect the reported amounts 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, and those differences could be material.

2) Summary of significant accounting policies (continued)

l) Financial instruments and credit risk

The Organization manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000 per depositor, per insured bank, for each account ownership category. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable are limited due to high historical collection rates.

3) Liquidity and availability

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

Cash and cash equivalents	$ 105,157
Accounts receivable	123,908
	$ 229,065

The Organization also has a line of credit to meet short-term needs as mentioned in Note 16.

4) Property and equipment

Property and equipment is summarized as follows:

	2025	2024
eTrikes	$ 97,025	$ 54,525
Furniture and fixtures	13,169	13,169
Less: accumulated depreciation	(51,739)	(18,616)
Property and equipment, net	$ 58,455	$ 49,078

5) Cooperative Endeavor Agreement (CEA)

In January 2021, the Organization entered into a CEA with the City of New Orleans to provide, administer, manage, operate and maintain a public bicycle sharing program, with a launch date of September 1, 2021. The initial term extended through September 1, 2026 and provides for successive one-year extensions.

6) Third party agreements

The Organization entered into a Master Service Agreement (MSA) with Drop Mobility ("Drop") as a subcontractor under the CEA under which Drop will provide the hardware (including e-bikes, spare parts sourcing, and e-bike batteries), software platform and related services for bikeshare services. Drop is entitled to revenue shares in respect of revenue generated from the bikeshare services of 30% of net revenue, as defined in the agreement. The MSA was effective January 1, 2021, and expires September 1, 2027, with automatic annual one-year renewals.

7) Bicycle share sponsorship

The Organization entered a sponsorship agreement with Blue Cross and Blue Shield of Louisiana (BCBSLA) on January 1, 2021. The agreement, as amended, expires on the sixth anniversary of the launch date and can be renewed for up to two successive 12-month periods. The sponsorship contributions are contingent upon the Organization maintaining a 60% of a specified fleet size in use, operating and properly maintained in the program. BCBSLA must approve any secondary sponsors. Any secondary sponsor funds that BCBSLA does not believe contributed to the program goals will partially reduce BCBSLA contribution measured in blocks equal to a baseline of 5% with a maximum reduction of 15%, as defined by the agreement.

8) Leases

The Organization leases software, warehouse space and eBikes at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2031 and provide for renewal options ranging from one year to five years. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The Organization leases office and warehouse space under an operating lease. Effective June 1, 2026, the Organization commenced a five-year lease arrangement providing for annual base rent of approximately $85,802 during the first year, with annual increases of 2% thereafter. The formal lease agreement had not been executed as of the date the financial statements were available to be issued; however, management believes that no material changes will occur to the terms of the lease as currently negotiated. The related right-of-use asset and operating lease liability are included in the accompanying statements of financial position based on these terms.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

At December 31, 2025, the weighted average remaining lease term for operating and financing leases was approximately 5.6 and 2.0 years, respectively. At December 31, 2025, the weighted average discount rate for operating and financing leases was approximately 3.5% and 4.5%, respectively.

Operating lease right-of-use assets consist of the following as of December 31:

	2025	2024
Operating lease right-of-use asset	$ 752,138	$ 343,623
Less: accumulated amortization	(312,507)	(239,748)
Operating lease right-of-use asset, net	$ 439,631	$ 103,875

Finance lease right-of-use consists of the following as of December 31:

	2025	2024
Finance lease - bikes	$ 643,772	$ 643,772
Less: accumulated amortization	(575,956)	(563,646)
Finance lease - bikes, net	$ 67,816	$ 80,126

The following is a summary of the total lease expense for the year ended December 31, 2025:

	Classification	2025
Finance lease expense	Program expenses	$ 31,407
Operating lease expense	Program expenses	94,202
Interest on lease liabilities	Interest expense	3,619
		$ 129,228

8) Leases (continued)

The change in operating lease liabilities during the year reflects differences between cash payments and straight-line lease expense recognition, including noncash amortization of right-of-use assets.

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 31, 2025:

Year	Operating leases	Finance leases
2026	$ 83,191	$ 21,952
2027	86,802	68,048
2028	88,538	-
2029	90,309	-
2030	92,115	-
Thereafter	38,698	-
Total	479,653	90,000
Present value discount	(38,286)	(8,040)
Lease liability	441,367	81,960
Less: current portion	(74,929)	(21,952)
Lease liability, net	$ 366,438	$ 60,008

9) Supplemental disclosure of cash flows information

	2025	2024
Non-cash financing lease asset obtained in exchange for finance lease liability	$ -	$ 130,860
Non-cash operating lease asset obtained in exchange for operating lease liability	$ 408,515	$ -

10) Refundable advance and prior period adjustment

As of December 31, 2024, the Organization determined that it had not met the advertising-related performance obligations required under a signed contractual sponsorship agreement, which obligated the Organization to provide sponsor logo placement on a minimum number of bicycles in active circulation throughout the contract period. Due to an insufficient number of operable bicycles, the Organization did not satisfy the contractual requirements, and no waiver of these conditions was granted.

Accordingly, the Organization recorded $234,000 as a refundable advance, representing amounts received under the agreement for which the related performance obligations had not been satisfied as of December 31, 2024. In accordance with applicable accounting guidance, this amount is presented as a liability in the accompanying statement of financial position. Amounts related to this arrangement will be recognized as revenue only to the extent that performance conditions are satisfied in future periods; otherwise, the Organization may be required to refund such amounts in accordance with the terms of the agreement.

During 2024, the Organization also recorded a prior period adjustment of $117,000 related to the portion of the refundable advance attributable to prior periods. This adjustment reflects the correction of an error in previously reported net assets associated with unmet contractual conditions in earlier periods. In addition, the Organization recorded other prior period adjustments related to corrections of prior-year accounting for donated bicycles, sponsorship revenue recognition, and related prepaid software and depreciation balances.

10) Refundable advance and prior period adjustment (continued)

The cumulative effect of all prior period adjustments resulted in a net increase to beginning net assets of $24,882, which is reflected as a prior period adjustment on the accompanying statement of activities. These adjustments have no impact on the prior-year change in net assets.

The refundable advance increased by $31,173, from $234,000 at December 31, 2024 to $265,173 at December 31, 2025. The increase represents additional amounts received under the sponsorship arrangement for which the applicable performance conditions had not been satisfied and, accordingly, remained recorded as a liability rather than revenue.

11) Impairment of leased assets and equipment

During the year ended December 31, 2024, the Organization evaluated certain right-of-use (ROU) assets and equipment for indicators of impairment. Based on this assessment, management determined that specific assets no longer provided economic benefit and were required to be written down to their recoverable amounts. As a result, the Organization recognized a total impairment loss of $104,602, consisting of: $82,144 related to ROU assets, recorded as a reduction of the corresponding accumulated depreciation – ROU asset, and $22,458 related to equipment determined to be no longer recoverable. These impairment charges are included in impairment loss in the accompanying statement of activities. The impairment loss is presented as a separate line item within other expenses in the accompanying statement of activities and is not allocated to program or supporting service functions.

12) Cooperative Endeavor Agreements and contract compliance

Blue Krewe operates the Blue Bikes program pursuant to a Cooperative Endeavor Agreement (the "Operating CEA") with the City of New Orleans (the "City"), which includes minimum performance requirements, including maintaining a minimum of 350 working bicycles. As of December 31, 2025, Blue Krewe had not received formal confirmation from the City that compliance with the minimum fleet availability requirement had been restored. During 2025, Blue Krewe continued its remediation efforts and purchased 400 new bicycles in December 2025, which were awaiting delivery at year-end. Funding under the Operating CEA has not been withdrawn or suspended.

On August 1, 2025, Blue Krewe executed a separate five-year Cooperative Endeavor Agreement (the "EPA CEA") with the City of New Orleans, under which the City, as fiscal administrator of a U.S. Environmental Protection Agency award, may reimburse Blue Krewe up to $11,422,185 for eligible costs related to expansion of the Blue Bikes program, including e-bikes, stations, electric vehicles and charging infrastructure, community engagement activities, and related staffing. The EPA CEA is cost-reimbursable and subject to compliance with applicable provisions of 2 CFR 200, including allowable cost and invoicing requirements, and includes provisions permitting the City to withhold payment or seek recovery for noncompliance or nonperformance.

On December 15, 2025, Blue Krewe received an initial reimbursement payment under the EPA CEA in the amount of $1,142,250, of which $1,037,500 was used to purchase 400 bicycles and additional batteries that are further disclosed in Note 17.

13) Liquidity and reliance on external funding

The Organization's operations are significantly supported by grant funding, philanthropic contributions, and support from business partners and sponsors. These funding sources are subject to compliance requirements, donor intent, renewal decisions, and economic conditions, and therefore may fluctuate from period to period. A reduction or delay in such funding could impact the Organization's operating activities and cash flows.

13) Liquidity and reliance on external funding (continued)

The Organization operates and maintains a fleet of electric bicycles that are subject to risks including theft, damage, and loss. Management has implemented and continues to enhance operational controls and safeguarding measures designed to mitigate these risks, including inventory tracking procedures, monitoring protocols, and maintenance and recovery efforts. Despite these initiatives, replacement and repair costs related to the bicycle fleet may create variability in operating results and cash flows.

Management continually evaluates funding levels, operating costs, and liquidity needs, and has developed plans intended to support the Organization's ongoing operations. These plans include pursuing continued grant funding, strengthening internal controls over inventory, expanding partnerships with business sponsors, and managing expenditures in response to available resources. Based on these factors, management believes the Organization has adequate resources to continue operations for the twelve-month period following the issuance of these financial statements.

14) Collective bargaining agreement

Effective April 2025, the Organization entered into its first collective bargaining agreement ("CBA") with the Southwest Regional Joint Board, Workers United. The CBA covers certain full-time and part-time operations employees and establishes minimum wage rates, seniority-based and annual wage increases, and various employment policies.

Under the CBA, wages and related compensation are recognized as employees render services. The agreement also provides for vacation benefits that accrue based on hours worked, may be carried forward up to 40 hours, and are paid out upon separation. Accordingly, the Organization records a liability for earned but unused vacation at year-end. Sick leave and emergency paid leave do not vest, do not carry over, and are not paid upon termination; therefore, no liability is accrued for these benefits.

The Organization contributes fixed monthly amounts toward employee health, dental, vision, and telehealth insurance premiums. These benefits do not create post-employment obligations, and related costs are expensed as incurred.

The CBA includes an indemnification provision under which the Union agrees to indemnify the Organization for any claims arising from the processing of voluntary Political Action Committee ("PAC") payroll deductions. As of December 31, 2025, no such claims have been asserted, and no liability has been recorded.

The agreement is effective through April 2028. While it establishes wage and benefit terms for future periods, it does not create unconditional future obligations requiring liability recognition beyond the amounts earned by employees as of the statement of financial position date.

15) Workforce reduction

In December of 2025, the Organization implemented a workforce reduction as part of a cost-streamlining initiative. The affected positions were eliminated to align staffing levels with operating needs and to reduce ongoing expenditures. Management does not expect this action to affect the Organization's ability to continue providing core services.

16) Line of credit

On March 18, 2025, the Board of Directors authorized the Organization to secure a line of credit up to $200,000 from a bank to bridge short-term financial gaps for the Organization. On April 3, 2025, Blue Krewe opened a $200,000 line of credit with a bank. The line of credit bears interest at a fixed rate of 7.5%. As of December 31, 2025, the Organization had $110,000 outstanding on this line of credit.

17) Capital assets not yet placed in service and deferred grant funding

During 2025, as discussed in Note 12, the Organization acquired 400 e-bikes for $990,000 and 100 additional batteries for $47,500, for a total cost of $1,037,500. These assets were not placed in service as of December 31, 2025; therefore, no depreciation was recorded during 2025.

The Organization also received $100,000 under the Climate Pollution Reduction Grant program for future purchases of eligible replacement parts and consumables. As of December 31, 2025, these funds had not been expended and were reported as deferred grant funding within other current liabilities in the accompanying statement of financial position. The liability will be reduced as qualifying expenditures are incurred.

18) Other income

Other income for the years ended December 31, 2025 and 2024 totaled $43,270 and $68,778, respectively. Advertising income included in other income was $40,793 and $66,921, respectively, with the remaining balances consisting of miscellaneous other income.

19) Subsequent events

The Organization has evaluated subsequent events through the date of the independent auditor's report, the date on which the financial statements were available to be issued. Except as disclosed in Note 8 in relation to the lease extension, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

UNIFORM GUIDANCE COMPLIANCE AND GOVERNMENT AUDITING STANDARDS REPORTS

Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Jonathan P. Koenig
John D. White
Valerie L. Lowry
Thomas R. Laine

Richard J. Tullier, Jr
James G. Hargrove
Kathy L. Flattmann
Melissa L. Chauvin
Danica H. DeSoto

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

To the Board of Directors
Blue Krewe
New Orleans, Louisiana

We have audited, in accordance with the 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 Blue Krewe (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 September 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Krewe's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blue Krewe's internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Krewe'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blue Krewe'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 instances of noncompliance or other matters 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 2025-001, 2025-002, and 2025-003.

Blue Krewe's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Blue Krewe's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Blue Krewe'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
September 30, 2026

Wegmann Dazet, APC

Wegmann Dazet
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Blue Krewe
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Blue Krewe's 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 Blue Krewe's major federal programs for the year ended December 31, 2025. Blue Krewe's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Blue Krewe complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's 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 Blue Krewe's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Blue Krewe's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Blue Krewe's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Blue Krewe's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Blue Krewe's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matter

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 2025-004 and 2025-005. 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 Blue Krewe's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Blue Krewe's 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-004 and 2025-005, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Blue Krewe's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Blue Krewe's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Metairie, Louisiana
September 30, 2026

Wegmann Dazet, APC

BLUE KREWE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Federal Grantor/Pass-through Grantor/Program	Federal A.L. Number	Agency or Passthrough Agency Number	Passed Through to Subrecipients	Total Federal Expenditures
Environmental Protection Agency				
Passed through from the following entities:				
City of New Orleans				
Climate Pollution Reduction Grants (CPRG)	66.046	K25-486 (BRASS No. 7241)	$ -	$ 1,055,865
Total Environmental Protection Agency awards			-	1,055,865
Total Expenditures of Federal Awards			$ -	$ 1,055,865

See accompanying notes to the Schedule of Expenditures of Federal Awards

BLUE KREWE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Note 1 General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Blue Krewe. The reporting entity is defined in Note 1 to Blue Krewe's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance*). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Blue Krewe has not applied for its own indirect cost rate.

Note 3 Indirect Cost Rate

Blue Krewe did not elect to use the de minimis indirect cost rate and did not charge indirect costs to the federal award.

BLUE KREWE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

Financial Statements

1. Type of report issued on the financial statements prepared in accordance with GAAP: **Unmodified Opinion**.

2. Significant deficiencies in internal control over financial reporting: **Yes**.
   Material weaknesses: **No**.

3. Noncompliance which is material to the financial statements noted: **No**.

Federal Awards

4. Significant deficiencies in internal control over major Federal programs: **Yes**.
   Material weaknesses: **No**.

5. Type of report issued on compliance for major programs: **Unmodified Opinion.**

6. Any audit findings which are required to be reported in accordance with 2CFR 200.516(a): **Yes**.

7. Major programs for the fiscal year ended December 31, 2025 were:

   Environmental Protection Agency
   Climate Pollution Reduction Grants (CPRG) (A.L. #66.046)

8. Dollar threshold used to distinguish between Type A and Type B programs: **$1,000,000**.

9. Auditee qualified as a low-risk auditee under Uniform Guidance: **No**.

SECTION II – FINANCIAL STATEMENT FINDINGS

2025-001 - Lack of Written Policies and Procedures – Significant Deficiency

Criteria
Effective internal control requires formal policies and procedures that define responsibilities, required approvals, documentation, and control activities for significant financial and operational processes.

Condition
The Organization had not adopted written policies and procedures governing key financial and operational processes, including procurement, cash disbursements, receipts, payroll administration, grant administration, and financial reporting.

Cause
The Organization relied on a small administrative structure and informal practices rather than documented procedures.

Effect
The absence of written policies increases the risk of inconsistent application of procedures, loss of institutional knowledge, and noncompliance with federal award requirements.

Recommendation
Management should develop and adopt written policies and procedures addressing significant financial, administrative, and federal grant activities.

Views of Responsible Official and Planned Corrective Actions
Management agrees with the finding. During 2025, many processes were performed through established practices overseen by management; however, they were not formally documented. Management and the Board will work to develop and adopt written policies and procedures for significant financial, operational, and federal award activities.

2025-002 - Lack of Documented Evidence of Management Review and Approval – Significant Deficiency

Criteria
Internal control over compliance should provide reasonable assurance that federal program transactions and compliance activities are properly reviewed, approved, supported, and accurately recorded.

Condition
The Organization did not consistently maintain documented evidence of management review and approval of financial and federal program activities, including bank reconciliations, federal program transactions, reimbursement requests, procurement activities, reporting submissions, and other compliance-related activities. Although management represented that reviews were performed by the Executive Director, evidence of such reviews was not consistently retained.

Cause
The Organization did not have formal requirements to document and retain evidence of review and approval activities conducted by the Executive Director.

Effect
The lack of documented review evidence limits the Organization's ability to demonstrate that key controls operated effectively and increases the risk that errors or noncompliance may not be timely detected.

Recommendation
Management should implement procedures requiring retention of documented evidence of review and approval for significant federal program activities.

Views of Responsible Official and Planned Corrective Actions
Management agrees with the finding. The Executive Director performed review and approval activities during 2025; however, evidence of those reviews was not consistently documented and retained. Management will implement procedures requiring documentation and retention of review and approval activities for federal program transactions and compliance matters.

2025-003 - Insufficient Board Monitoring and Oversight of Federal Programs – Significant Deficiency

Criteria
Internal control over compliance should include independent monitoring activities performed at a level of precision sufficient to identify errors, noncompliance, and control deficiencies on a timely basis.

Condition
The Executive Director was responsible for administering the CPRG award, approving expenditures, overseeing procurement, preparing reimbursement requests, monitoring compliance activities, and coordinating required reporting. While the Board received financial and operational information, the Organization did not maintain evidence demonstrating that the Board's review of significant federal program activities and compliance matters was sufficiently detailed and precise to serve as an effective control.

Cause
Due to the Organization's size and staffing structure, significant federal program responsibilities were concentrated in the Executive Director position, and formal Board-level monitoring procedures had not been established.

Effect
In the absence of segregation of duties, insufficient independent oversight increases the risk that errors, control deficiencies, or noncompliance may not be identified and addressed timely.

Recommendation
The Board should establish documented oversight procedures for federal programs, including periodic review of significant expenditures, procurement activities, reimbursement requests, reporting, and compliance matters. Evidence of such reviews should be maintained in board minutes, resolutions, or other documentation.

Views of Responsible Official and Planned Corrective Actions
Management and the Board agree with the finding. The Organization's size limited the ability to segregate responsibilities, resulting in significant reliance on the Executive Director. The Board will implement documented oversight procedures over federal awards, including review of significant grant-related expenditures, procurement activities, reporting, and compliance requirements, and will retain evidence of such oversight.

SECTION III – FEDERAL AWARD FINDINGS

2025-004 - Absence of Written Standards of Conduct – Significant Deficiency

Federal Agency: Environmental Protection Agency
Federal Program: Climate Pollution Reduction Grants
Assistance Listing Number: 66.046
Pass-through Entity: City of New Orleans
Award Identification Number: K25-486, BRASS No. 7241

Criteria
2 CFR 200.318(c)(1) requires a non-Federal entity to maintain written standards of conduct covering conflicts of interest and governing the actions of employees engaged in the selection, award, and administration of contracts.

Condition
The Organization had not adopted written standards of conduct addressing conflicts of interest and employee conduct requirements applicable to federal awards.

Cause
Management had not formally developed and adopted standards of conduct meeting Uniform Guidance requirements.

Effect
Without written standards of conduct, the Organization may be unable to demonstrate compliance with federal conflict-of-interest and ethical conduct requirements.

Recommendation
Management should adopt written standards of conduct that address conflicts of interest and other ethical requirements applicable to federal awards and communicate those standards to employees, officers, and governing board members.

Views of Responsible Official and Planned Corrective Actions
Management agrees with the finding. The Organization will develop and adopt written standards of conduct addressing conflicts of interest and other ethical requirements applicable to federal awards and will communicate those standards to employees and Board members.

Questioned Costs
None.

2025-005 - Noncompliance with Required Project Deliverable Timeline – Significant Deficiency

Federal Agency: Environmental Protection Agency
Federal Program: Climate Pollution Reduction Grants (CPRG)
Assistance Listing Number: 66.046
Pass-through Entity: City of New Orleans
Award Identification Number: K25-486, BRASS No. 7241

Criteria
The Cooperative Endeavor Agreement requires Blue Krewe to complete specified project deliverables within established performance periods. The Year 1 deliverables include installation of rooftop solar during the period October 11, 2024 through October 10, 2025.

Condition
Blue Krewe did not complete the required rooftop solar installation within the established Year 1 performance period. Management represented that it has remained in communication with the City regarding the status of the project and that no concerns have been raised by the City; however, written documentation from the City approving the delay was not available.

Cause
The rooftop solar installation was not completed within the timeframe established by the Cooperative Endeavor Agreement.

Effect
Failure to complete required project deliverables within established timelines results in noncompliance with the terms of the Cooperative Endeavor Agreement and could affect the Organization's ability to demonstrate compliance with the requirements of the federal award.

Recommendation
Management should obtain written documentation from the City regarding revised project timelines or other modifications to required deliverables and maintain documentation supporting the City's approval of changes to established performance requirements.

Views of Responsible Official and Planned Corrective Actions
Management acknowledges that the rooftop solar installation was not completed within the original Year 1 performance period. Management has been communicating with the City regarding the project and will continue to coordinate with the City regarding completion of the required deliverable and obtain and retain written documentation of any approved changes to the project timeline.

Questioned Costs
None.

SECTION IV – FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

Not applicable. The prior-year audit was not performed under the Uniform Guidance. All prior-year financial statement findings were resolved.

CORRECTIVE ACTION PLAN
For the year ended December 31, 2025



Name of Responsible Person: Leo Fraser
Executive Director

Finding number: 2025-001 - Lack of Written Policies and Procedures

Condition:

The Organization had not adopted written policies and procedures governing key financial and operational processes, including procurement, cash disbursements, receipts, payroll administration, grant administration, and financial reporting.

Views of responsible official:

During 2025, many processes were performed through established practices overseen by management; however, they were not formally documented. Management and the Board will work to develop and adopt written policies and procedures for significant financial, operational, and federal award activities.

Expected Completion date: *November 30, 2026*

Finding number: 2025-002 - Lack of Documented Evidence of Management Review and Approval

Condition:

The Organization did not consistently maintain documented evidence of management review and approval of financial and federal program activities, including bank reconciliations, federal program transactions, reimbursement requests, procurement activities, reporting submissions, and other compliance-related activities. Although management represented that reviews were performed by the Executive Director, evidence of such reviews was not consistently retained.

Views of responsible official:

The Executive Director performed review and approval activities during 2025; however, evidence of those reviews was not consistently documented and retained. Management will implement procedures requiring documentation and retention of review and approval activities for federal program transactions and compliance matters.

Expected Completion date: *November 30, 2026*

Finding number: 2025-003 - Insufficient Board Monitoring and Oversight of Federal Programs

Condition:

The Executive Director was responsible for administering the CPRG award, approving expenditures, overseeing procurement, preparing reimbursement requests, monitoring compliance activities, and coordinating required reporting. While the Board received financial and operational information, the Organization did not maintain



evidence demonstrating that the Board's review of significant federal program activities and compliance matters was sufficiently detailed and precise to serve as an effective control.

Views of responsible official:

The Organization's size limited the ability to segregate responsibilities, resulting in significant reliance on the Executive Director. The Board will implement documented oversight procedures over federal awards, including review of significant grant-related expenditures, procurement activities, reporting, and compliance requirements, and will retain evidence of such oversight.

Expected Completion date: *November 30, 2026*

Finding number: 2025-004 - Absence of Written Standards of Conduct

Condition:

The Organization had not adopted written standards of conduct addressing conflicts of interest and employee conduct requirements applicable to federal awards.

Views of responsible official:

Management agrees with the finding. The Organization will develop and adopt written standards of conduct addressing conflicts of interest and other ethical requirements applicable to federal awards and will communicate those standards to employees and Board members.

Expected Completion date: *November 30, 2026*

Finding number: 2025-005 - Noncompliance with Required Project Deliverable Timeline

Condition:

Blue Krewe did not complete the required rooftop solar installation within the established Year 1 performance period. Management represented that it has remained in communication with the City regarding the status of the project and that no concerns have been raised by the City; however, written documentation from the City approving the delay was not available.

Views of responsible official:

Management acknowledges that the rooftop solar installation was not completed within the original Year 1 performance period. Management has been communicating with the City regarding the project and will continue to coordinate with the City regarding completion of the required deliverable and obtain and retain written documentation of any approved changes to the project timeline.

Expected Completion date: *November 30, 2026*

SUPPLEMENTARY INFORMATION

BLUE KREWE
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2025

Leo Fraser
Executive Director

	2025
Salary	$ -
Benefits-insurance	
Health & Dental	-
Life, AD&D, LTD	-
Worker's Comp	-
401(k) Match	-
Total	$ -

BLUE KREWE

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2025

Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Jonathan P. Koenig
John D. White
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED DECEMBER 31, 2025

To the Board of Directors of Blue Krewe
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Blue Krewe (Entity) management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. 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 associated findings are as follows:

Written Policies and Procedures

1. 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:
   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
   b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
   c) ***Disbursements***, including processing, reviewing, and approving.
   d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue 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).
   e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
   f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
   g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
   h) ***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).

i) ***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.

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

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

l) ***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.

Procedure Results - We performed the procedure above. The Entity had not adopted written policies and procedures addressing budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, or information technology disaster recovery/business continuity applicable to its administration of public funds. Travel and expense reimbursement and credit-card policies were not applicable because no such transactions involved applicable public funds. Ethics and prevention of sexual harassment were not applicable because the Entity is a private nonprofit Entity and the applicable grant agreement did not impose those statutory requirements. Debt-service policies were not applicable because the Entity had no debt.

Recommendation - Management should develop and formally adopt written policies and procedures addressing the Entity's significant financial, administrative, information technology, and federal grant activities.

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.

   b) For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds9, and semi-annual budget-to-actual comparisons, 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 funds10 if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   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.

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.

Procedure Results - We performed the applicable procedures above. Item (c) was not applicable because the Entity is not a governmental entity. Item (b) was evaluated under the not-for-profit accounting model. With respect to item (d), the procedure was not applicable because the prior-year audit findings were not finalized during the fiscal period.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

   a) 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);
   b) 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, or electronically logged); and
   c) 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.

   Procedure Results - We performed the procedures above and noted no exceptions with respect to items (a) and (c). With respect to item (b), the selected bank reconciliation did not include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks reviewed the reconciliation within one month of the date it was prepared.

   Recommendation - Management or a board member who does not handle cash, post ledgers, or issue checks should review each bank reconciliation within one month of the date it is prepared by the external accountant. The review should be evidenced by initials and date or by an electronic approval record.

Collections (excluding electronic funds transfers)

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).

   Procedure Results - This procedure was not applicable because the Entity received the applicable public funds electronically by ACH and did not receive applicable public funds in the form of cash, checks, or money orders. The Collections category excludes electronic funds transfers.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

    b) 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.

    c) 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.

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

    Procedure results – The Entity does not receive cash, checks, or money orders to deposit. Money is received as an ACH transfer accordingly, the procedures above are not applicable.

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 in force during the fiscal period.

    Procedure Results - This procedure was not applicable because the Entity received the applicable public funds electronically by ACH and did not receive applicable public funds in the form of cash, checks, or money orders. The Collections category excludes electronic funds transfers.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3 (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.

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

    c) Trace the deposit slip total to the actual 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).

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

Procedure Results - This procedure was not applicable because the Entity received the applicable public funds electronically by ACH and did not receive applicable public funds in the form of cash, checks, or money orders. The Collections category excludes electronic funds transfers.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Procedure Results - This category was not applicable to the statewide AUP engagement because the applicable non-payroll disbursements were subject to federal major program testing in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

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, then 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 or making the purchase.

   b) At least 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.

   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.

   e) 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.

   Procedure Results - This category was not applicable to the statewide AUP engagement because the applicable non-payroll disbursements were subject to federal major program testing in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

10. For each location selected under procedure #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, 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.

Procedure Results - This category was not applicable to the statewide AUP engagement because the only non-payroll disbursement of applicable public funds was the Drop Mobility e-bike and battery purchase, and allowable costs and procurement for the federal major program were tested in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

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

Procedure Results - This category was not applicable to the statewide AUP engagement because the only non-payroll disbursement of applicable public funds was the Drop Mobility e-bike and battery purchase, and allowable costs and procurement for the federal major program were tested in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, 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.*

Procedure Results - This category was not applicable to the statewide AUP engagement because the only non-payroll disbursement of applicable public funds was the Drop Mobility e-bike and battery purchase, and allowable costs and procurement for the federal major program were tested in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

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

12. 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.

Procedure Results - This procedure was not applicable because no credit card, debit card, fuel card, or purchase card transactions involved applicable public funds during the fiscal period.

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

Procedure Results - This procedure was not applicable because no credit card, debit card, fuel card, or purchase card transactions involved applicable public funds during the fiscal period.

14. Using the monthly statements or combined statements selected under #13 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

    Procedure Results - This procedure was not applicable because no credit card, debit card, fuel card, or purchase card transactions involved applicable public funds during the fiscal period.

15. Using the list of terminated employees obtained in Payroll and Personnel procedure #20 below, identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

    Procedure Results - This procedure was not applicable because no credit card, debit card, fuel card, or purchase card transactions involved applicable public funds during the fiscal period.

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

16. 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) 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 (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov).
    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
    c) Observe 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 in procedure #1.
    d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

    Procedure Results - This category was not applicable because no travel or travel-related expense reimbursements were paid from applicable public funds during the fiscal period.

Contracts

17. 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) 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.
    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
    c) 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, documented approval).
    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 the invoice and related payment agreed to the terms and conditions of the contract.

    Procedure Results - This category was not applicable to the statewide AUP engagement because the Drop Mobility contract was subject to procurement and allowable-cost testing for the federal major program in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

Payroll and Personnel

18. 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.

    Procedure Results – This category was not applicable to the statewide AUP engagement because the applicable public-fund payroll transactions were subject to allowable-cost and related payroll testing for the federal major program in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

19. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #18 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
    d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Procedure Results - This category was not applicable to the statewide AUP engagement because the applicable public-fund payroll transactions were subject to allowable-cost and related payroll testing for the federal major program in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

20. 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, 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.

    Procedure Results - This category was not applicable to the statewide AUP engagement because the applicable public-fund payroll transactions were subject to allowable-cost and related payroll testing for the federal major program in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

21. 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.

    Procedure Results - This category was not applicable to the statewide AUP engagement because the applicable public-fund payroll transactions were subject to allowable-cost and related payroll testing for the federal major program in the Single Audit. Accordingly, this category was excluded under the LLA Single Audit exemption.

Ethics

22. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #18 obtain ethics documentation from management, and:

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

    Procedure Results - This procedure was not applicable because the Entity is a private nonprofit Entity and is not subject to the Louisiana Code of Governmental Ethics for purposes of these AUPs.

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

    Procedure Results - This procedure was not applicable because the Entity is a private nonprofit Entity and is not subject to the Louisiana Code of Governmental Ethics for purposes of these AUPs.

Debt Service

24. 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.

    Procedure Results - This procedure was not applicable because the Entity had no bonds, notes, or other debt instruments issued or outstanding during the fiscal period.

25. 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).

    Procedure Results - This procedure was not applicable because the Entity had no bonds, notes, or other debt instruments issued or outstanding during the fiscal period.

Fraud Notice

26. 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.

    Procedure Results - Management represented that there were no misappropriations of public funds or assets during the fiscal period. Accordingly, there were no misappropriations to select for testing under this procedure.

27. 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.

    Procedure Results - The Entity did not have the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds posted on its premises or website.

    Recommendation - The Entity should post and maintain the notice required by R.S. 24:523.1 in a conspicuous location on its premises and on its website.

Information Technology Disaster Recovery/Business Continuity

28. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
    a) Obtain and inspect 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.

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, 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.
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.

Procedure Results - We performed the procedure and discussed the results with management.

29. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #20. Observe evidence that the selected terminated employees have been removed or disabled from the network.

    Procedure Results - We performed the procedure and discussed the results with management.

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #18, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
    - Hired before June 9, 2020 - completed the training; and
    - Hired on or after June 9, 2020 - completed the training withing 30 days of initial service or employment.

    Procedure Results - This procedure was not applicable because the Entity is a private nonprofit Entity and is not subject to R.S. 42:1267 for purposes of these AUPs.

Prevention of Sexual Harassment

31. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #18, 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.

    Procedure Results - This procedure was not applicable because the Entity is a private nonprofit Entity, is not subject to R.S. 42:341 et seq., and the applicable grant agreement did not require compliance with those statutory provisions.

32. 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).

    Procedure Results - This procedure was not applicable because the Entity is a private nonprofit Entity, is not subject to R.S. 42:341 et seq., and the applicable grant agreement did not require compliance with those statutory provisions.

33. 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:
    a) Number and percentage of public servants in the agency who have completed the training requirements.
    b) Number of sexual harassment complaints received by the agency.
    c) Number of complaints which resulted in a finding that sexual harassment occurred.
    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.
    e) Amount of time it took to resolve each complaint.

    Procedure Results - This procedure was not applicable because the Entity is a private nonprofit Entity, is not subject to R.S. 42:341 et seq., and the applicable grant agreement did not require compliance with those statutory provisions.

We were engaged by the Entity 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 Entity 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.

Metairie, Louisiana
September 30, 2026

Wegmann Dazet, APC