The Philadelphia Center

FINANCIAL STATEMENTS

May 31, 2024

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Carr, Riggs & Ingram, L.L.C.
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
PO Box 4278
Shreveport, LA 71134

318.222.2222
318.226.7150 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Management of
The Philadelphia Center

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Philadelphia Center (a nonprofit organization) which comprise the statement of financial position as of May 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Philadelphia Center as of May 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Philadelphia Center'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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Philadelphia Center'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 Philadelphia Center's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of The Philadelphia Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Philadelphia Center'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 The Philadelphia Center's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Shreveport, Louisiana
November 26, 2024

The Philadelphia Center
Statement of Financial Position

May 31,	**2024**
Assets	
Current assets	
Cash and cash equivalents	**$ 2,417,678**
Grants receivable, net	**941,628**
Investments	**78,688**
Prepaid expenses and other assets	**96,545**
Total current assets	**3,534,539**
Non-current assets	
Property and equipment, net	**1,115,060**
Total non-current assets	**1,115,060**
Total assets	**$ 4,649,599**
Liabilities and Net Assets	
Current liabilities	
Grants repayable	**$ 238,694**
Accounts payable	**11,663**
Accrued expenses	**56,147**
Current portion of finance lease liabilities	**4,827**
Total current liabilities	**311,330**
Long-term liabilities	
Finance lease liabilities, less current portion	**9,081**
Total long-term liabilities	**9,081**
Total liabilities	**320,411**
Net assets	
Without donor restrictions	**4,289,544**
With donor restrictions	**39,644**
Total net assets	**4,329,188**
Total liabilities and net assets	**$ 4,649,599**

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

The Philadelphia Center
Statement of Activities

For the year ended May 31,	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants	**$ 4,839,003**	**$ 39,644**	**$ 4,878,647**
Non-government grants	**78,963**	**-**	**78,963**
Contributions	**26,271**	-	**26,271**
Fundraising	**95,278**	**-**	**95,278**
Rental income	**20,832**	**-**	**20,832**
Investment income (loss), net	**16,580**	**-**	**16,580**
Gain (loss) on sale of assets	**-**	**-**	**-**
Net assets released from restrictions	**34,942**	**(34,942)**	**-**
Total revenue and other support	**5,138,376**	**4,702**	**5,143,078**
Expenses			
Program services			
Client services	**3,644,618**	**-**	**3,644,618**
Mercy Center	**196,759**	**-**	**196,759**
Prevention	**515,038**	**-**	**515,038**
Total program services	**4,356,415**	**-**	**4,356,415**
Supporting services			
General and administrative	**207,804**	**-**	**207,804**
Fundraising	**36,168**	**-**	**36,168**
Total supporting services	**243,972**	**-**	**243,972**
Total expenses	**4,600,387**	**-**	**4,600,387**
Change in net assets	**537,989**	**4,702**	**542,691**
Net assets at beginning of year, original	**3,751,555**	**34,942**	**3,786,497**
Net assets at end of year	**$ 4,289,544**	**$ 39,644**	**$ 4,329,188**

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

For the year ended May 31, 2024

	Program Services				Supporting Services			
	Client Services	Mercy Center	Prevention	Programs Subtotal	General and Administrative	Fundraising	Supporting Subtotal	2024 Total
Payroll benefits:								
Salaries and wages	$ 1,014,148	$ 121,917	$ 160,047	$ 1,296,112	$ 72,790	$ -	$ 72,790	$ 1,368,902
Payroll taxes	79,083	12,657	13,252	104,992	10,239	-	10,239	115,231
Employee benefits	182,498	6,070	29,976	218,544	39,797	-	39,797	258,341
Total payroll and benefits	1,275,729	140,644	203,275	1,619,648	122,826	-	122,826	1,742,474
Other expenses:				-			-	
Accounting and audit	24,362	4,318	4,829	33,509	3,499	-	3,499	37,008
Advertising	-	-	3,655	3,655	162	-	162	3,817
Auction items	-	-	-	-	-	35,173	35,173	35,173
Bank charges	-	-	-	-	71	-	71	71
Client services	963,333	1,182	-	964,515	1,435	-	1,435	965,950
Computer/IT support	344	-	1,864	2,208	979	-	979	3,187
Contract services	555	0	2,438	2,993	38	-	38	3,031
Depreciation	23,974	528	3,091	27,593	27	-	27	27,620
Education	1,100	-	160	1,260	-	-	-	1,260
Equipment rental	4,085	-	2,043	6,128	787	-	787	6,915
Fees	37	811	70	918	6,761	-	6,761	7,679
Food	1,052,500	10,458	-	1,062,958	-	-	-	1,062,958
Insurance	59,276	12,351	15,478	87,105	9,711	-	9,711	96,816
Lab fees	76	2,971	6,717	9,764	-	-	-	9,764
340 patient medication	133,635	-	208,692	342,327	-	-	-	342,327
Meeting expenses	4,903	-	-	4,903	988	-	988	5,891
Miscellaneous	-	-	-	-	9,634	-	9,634	9,634
Office Supplies	7,010	2,763	2,795	12,568	2,402	995	3,397	15,965
Postage	2,359	-	404	2,763	660	-	660	3,423
Prevention supplies	-	-	41,141	41,141	-	-	-	41,141
Printing expenses	30	-	620	650	4	-	4	654
Repairs and maintenance	17,232	7,160	7,407	31,799	40,514	-	40,514	72,313
Taxes and licenses	1,279	-	-	1,279	2,908	-	2,908	4,187
Travel	50,957	1,393	1,380	53,730	811	-	811	54,541
Utilities	21,842	12,180	8,979	43,001	3,587	-	3,587	46,588
Total other expenses	2,368,889	56,115	311,763	2,736,767	84,978	36,168	121,146	2,857,913
Total	$ 3,644,618	$ 196,759	$ 515,038	$ 4,356,415	$ 207,804	$ 36,168	$ 243,972	$ 4,600,387

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

For the year ended May 31,	**2024**
Operating Activities	
Change in net assets	**$ 542,691**
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation and amortization	**27,620**
Amortization of right-of-use assets	**18,521**
Accounts receivable	**83,839**
Prepaid expenses and other assets	**(76,345)**
Grants repayable	**(1,605)**
Accounts payable	**3,948**
Accrued expenses	**(32,259)**
Net cash provided by (used in) operating activities	**566,409**
Investing Activities	
Purchase of property and equipment	**(187,105)**
Net cash provided by (used in) investing activities	**(187,105)**
Financing Activities	
Payments on finance lease liabilities	**(5,600)**
Net cash provided by (used in) financing activities	**(5,600)**
Net change in cash and cash equivalents	**373,704**
Cash and cash equivalents, at beginning of year	**2,043,974**
Cash and cash equivalents, at end of year	**$ 2,417,678**

Note 1: DESCRIPTION OF THE ORGANIZATION

The Philadelphia Center (The Center) is a nonprofit corporation organized under the laws of the State of Louisiana. The Center was formed June 22, 1990 and incorporated July 14, 1992 to respond to the presence of HIV/AIDS in northwest Louisiana by way of education, testing, counseling, and direct assistance.

The Center contracts with the U.S. and Louisiana Departments of Health (LDH) to provide Ryan White C.A.R.E. (P.L. 101-381) services in order to improve the quality and availability of care for low-income, uninsured and under-insured victims of HIV/AIDS, and their families, residing in Region 7 of Louisiana.

The Center is funded by monies received through the U.S. Department of Health and Human Services Ryan White Title 11, the U.S. Department of Housing and Urban Development (HUD), Office of Public Health, HIV/AIDS Programs (HAP), Housing Opportunities for People With AIDS (HOPWA), Medicaid, 340B Drug Pricing Program, fundraising events and donations/grants from various individuals and foundations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to useful lives of property and equipment, donated services and goods, and the allocation of management costs to supported programs.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Grants Receivable

Accounts receivable represent amounts owed to the Center, which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for doubtful accounts.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable (Continued)

The Center provides for losses on grants receivable using the allowance method. The allowance is based on experience and other circumstances. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Investments

The Center reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Center leases office equipment. The Center determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities the statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Center uses [its incremental borrowing rate or a risk-free rate] based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Center reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and capital assets reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue from dues and fees, member services, and payments under various contracts is recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

A significant portion of the Center’s grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Revenue Recognition* (Continued)**

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by The Center. The Center also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Advertising

The Center uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended May 31, 2024, advertising costs totaled $3,817.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, The Center is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Income Taxes* (Continued)**

The Center utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of May 31, 2024, the Center has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 26, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The Center adopted the provisions of ASU 2016-13 on June 1, 2023. Adoption of this guidance did not have a material impact on the accompanying financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available also include amounts set aside by the board of directors that could be drawn upon if the board approves that action.

May 31,		**2024**
Total assets at year end	**$**	**4,649,599**
Less non-financial assets		
Prepaid expenses and other assets		**(96,545)**
Property and equipment, net		**(1,115,060)**
Financial assets at year-end		**3,437,994**
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions		**(39,644)**
Financial assets available to meet cash needs for general expenditures within one year	**$**	**3,398,350**

Note 4: GRANTS RECEIVABLE

Contracts and grants receivable as of May 31, 2024 consist of the following:

May 31,		**2024**
Grants receivable	**$**	**941,628**
Less allowance for credit losses		**-**
Accounts receivable, net	**$**	**941,628**

Note 6: INVESTMENTS

Investments in marketable securities consist of the following:

May 31, 2024		**Cost**		**Fair Value**
Mutual funds	**$**	**35,295**	**$**	**31,968**
Exchange-traded & closed-end funds		**11,288**		**46,720**
Total investments in marketable securities	**$**	**46,583**	**$**	**78,688**

Note 7: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at May 31, 2024:

	Estimated Useful Lives (in years)		**2024**
Building and related improvements	39	**$**	**426,943**
Furniture and fixtures	5-10		**29,698**
Vehicles	5		**83,240**
Equipment	5-7		**61,433**
Finance leases, right-of-use assets	5		**13,793**
Total depreciable property and equipment			**615,107**
Less accumulated depreciation and amortization			**(336,937)**
Total depreciable property and equipment, net			**278,170**
Construction in progress			**836,890**
Total property and equipment, net		**$**	**1,115,060**

Depreciation and amortization expense for the year ended May 31, 2024 amounted to $27,620.

Note 8: GRANTS PAYABLE

Grants payable relates to the HOME grant due to the City of Shreveport's Department of Community Development. Grants payable at May 31, 2024 was $238,694.

Note 9: ACCRUED EXPENSES

The following is a summary of accrued expenses:

May 31,		**2024**
Accrued wages and payroll taxes	**$**	**20,213**
Accrued paid time off		**35,934**
Total	**$**	**56,147**

Note 10: LEASES

The Center has a finance lease for office equipment. The lease has a remaining lease term of 2.9 years. As of May 31, 2024, assets recorded under finance leases were $23,643, and accumulated depreciation associated with finance leases was $9,851.

The components of lease expense consist of the following:

		2024
Operating lease expense	$	-
Finance lease expense		4,862
Total lease expense	$	4,862

The above office equipment leases do not include the option to purchase the equipment at the end of the lease term.

Note 10: LEASES (Continued)

The following schedule summarizes lease information for 2024:

Cash paid for amounts included in the measurement of lease and liabilities for finance leases:		
Financing cash flows	$	5,600
Cash paid for amounts included in the measurement of lease and liabilities for operating leases:		
Operating cash flows	$	423
ROU assets obtained in exchange for lease liabilities:		
Finance leases	$	13,792
Operating leases	$	-
Weighted average remaining lease term (in years)		
Finance leases		2.9
Operating leases		-
Weighted average discount rate		
Finance leases		0.81%
Operating leases		-

Future minimum lease payments for the above leases at May 31, 2024 are as follows:

	Finance	
2025	$	4,827
2026		4,827
2027		4,827
2028		-
Total		14,480
Less: Present value discount		(688)
Lease liability	$	13,792

Note 11: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

May 31,		**2024**
Undesignated	**$**	**4,289,544**
Total net assets without donor restrictions	**$**	**4,289,544**

A summary of net assets with donor restrictions consists of the following:

May 31,		**2024**
Purpose restricted		
Client services		**39,644**
Total net assets with donor restrictions	**$**	**39,644**

This amount is included in cash and cash equivalents on the statement of financial position and represents grant funds that have been received, but not yet expended for the restricted purpose.

A summary of the release of donor restrictions consists of the following:

For the year ended May 31,		**2024**
Time restrictions	**$**	**-**
Purpose restrictions		
Client services		**34,942**
Endowments		**-**
Total net assets released from donor restrictions	**$**	**34,942**

Note 12: REVENUE

The Center recognizes revenue over time for its grants and at a point in time for contributions. As of May 31, 2024, there are no performance obligations to be satisfied.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

May 31,	**2024**
Contract assets	
Grants receivable, beginning of year	**$ 1,025,467**
Grants receivable, end of year	**$ 941,628**
Contract liabilities	
Performance obligation liabilities, beginning of year	**$ -**
Performance obligation liabilities, end of year	**$ -**

Note 13: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2024.

Note 13: FAIR VALUE MEASUREMENTS (Continued)

Mutual funds, exchange-traded and closed end funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Center are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Center are deemed to be actively traded.

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

Assets and liabilities measured at fair value on a recurring basis consists of the following:

May 31, 2024	Level 1	Level 2	Level 3	Total
Mutual funds	$ 31,968	$ -	$ -	**$ 31,968**
Exchange-traded & closed end funds	46,720	-	-	**46,720**
Total investments at fair value	$ 78,688	$ -	$ -	**$ 78,688**

Note 14: CONCENTRATIONS

A significant portion of the Center's revenue and receivables are from contracts with the Louisiana Department of Health (LDH). These contracts are administered by the LDH under programs which are funded primarily by federal government grants. If federal funding levels for these programs are reduced, or if the contracts are not renewed, the impact on the Center could be severe.

The Center also relies heavily on the 340B Drug Pricing Program. Loss of the net revenue from this program would severely impact the Center. Substantially all of the Centers cash accounts are held in three banks.

As of May 31, 2024, approximately $433,895 of the Center's bank deposits exceeded Federal Deposit Insurance Corporation coverage.

In the normal course of business, the Center is subject to various claims, the effect of which management does not deem material to the financial statements of the Center.

Note 15: DEFINED CONTRIBUTION PLAN

The Center sponsors a defined contribution retirement plan pursuant to Section 403(b) of the Internal Revenue Code. Under the plan, employees may contribute a specified percentage of their salary, or a fixed dollar amount, to the plan. The Center may agree to make additional discretionary contributions on behalf of its employees. Discretionary contributions under the plan totaled $0 during the year ended May 31, 2024.

Supplementary Information

The Philadelphia Center
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended May 31, 2024

Agency Head Name: Chris Miciotto

Purpose		Amount
Salary	$	97,587
Benefits-insurance	$	9,504
Benefits-retirement	$	2,699
Cell phone	$	1,496

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
PO Box 4278
Shreveport, LA 71134

318.222.2222
318.226.7150 (fax)
CRIadv.com

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
The Philadelphia Center
Shreveport, 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 The Philadelphia Center (a nonprofit the Center), which comprise the statement of financial position as of May 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Philadelphia Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Philadelphia Center'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 Philadelphia Center'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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Shreveport, Louisiana
November 26, 2024

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
PO Box 4278
Shreveport, LA 71134

318.222.2222
318.226.7150 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Philadelphia Center
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Philadelphia Center'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 The Philadelphia Center's major federal programs for the year ended May 31, 2024. The Philadelphia Center'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, The Philadelphia Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of The Philadelphia Center 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 The Philadelphia Center'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 The Philadelphia Center'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 The Philadelphia Center'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Philadelphia Center's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Philadelphia Center'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 The Philadelphia Center'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 The Philadelphia Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, L.L.C.

Shreveport, Louisiana
November 26, 2024

The Philadelphia Center
Schedule of Expenditures of Federal Awards
For the Year Ended May 31, 2024

Federal Agency/Pass Through Grantor/Program Title	Assistance Listing Number	Contract/Grant Number	Federal Expenditures	Expenditures to Subrecipients
Pass Through Programs:				
United States Department of Health and Human Services				
Passed through the State of Louisiana Department of Health and Hospitals, Office of Public Health				
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	LAGOV #2000599163	$ 3,463,933	-
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease (Ryan White HIV/AIDS Program Part C)	93.918	19-09-001	10,500	-
HIV Prevention Activities Health Department	93.940	LAGOV #2000656886	65,945	-
HIV Prevention Activities Health Department	93.940	LAGOV #2000656885	39,595	-
HIV Prevention Activities Health Department	93.940	LAGOV #2000656845	67,233	-
HIV Prevention Activities Health Department	93.940	LAGOV #2000751222	57,632	-
HIV Prevention Activities Health Department	93.940	LAGOV #2000568396	1,103	-
			231,509	
Total United States Department of Health and Human Services Passed Through Louisiana			3,705,941	-
Direct Programs:				
United States Department of Housing and Urban Development				
Housing Opportunities for Persons with AIDS	14.241	LAGOV #2000599163	497,433	-
Housing Opportunities for Persons with AIDS	14.241	LAGOV #200817483	29,453	-
Housing Opportunities for Persons with AIDS	14.241	LAGOV #2000735484	159,136	-
			686,023	
Total United States Department of Housing and Urban Development			686,023	-
Total Expenditures of Federal Awards			**$ 4,391,964**	**$ -**

Note 1: **BASIS OF PRESENTATION**

The preceding Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of The Philadelphia Center under programs of the federal government for the year ended May 31, 2024. The information on this Schedule is prepared 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 (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the the Center, it is not intended to and does not present the financial position or changes in net assets of The Philadelphia Center.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Philadelphia Center has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 3: MATCHING REQUIREMENTS

Certain federal programs require The Philadelphia Center to contribute non-federal funds (matching funds) to support the federally funded programs. The Center has met its matching requirements. The Schedule does not include the expenditure of non-federal funds.

Note 4: SUBRECIPIENTS

The Philadelphia Center did not provide federal funds to any subrecipients during the year ended May 31, 2024.

Note 5: NON-CASH AWARDS

The Philadelphia Center did not expend federal awards related to non-cash awards during the year ended May 31, 2024.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	**Unmodified**
Compliance and internal control over financial reporting:	
Significant deficiency(ies) identified?	**None reported**
Material weakness(es) identified?	**No**
Noncompliance material to financial statements noted?	**No**

Federal Awards

Internal control over major programs:	
Significant deficiency(ies) identified?	**None reported**
Material weakness(es) identified?	**No**
Type of auditor's report issued on compliance for major programs:	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	**None**

Identification of major programs:

Assistance Listing Number	Name of Program or Cluster
93.917	HIV Care Formula Grants

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

Auditee qualified as low-risk auditee? **No**

Section II – Financial Statement Findings Reported in Accordance with *Governmental Auditing Standards*

None

Section III – Federal Award Findings and Questioned Costs

None

The Philadelphia Center

STATEWIDE AGREED-UPON PROCEDURES REPORT

May 31, 2024

Carr, Riggs & Ingram, LLC
1000 East Preston Avenue
Suite 200
Shreveport, LA 71105

Mailing Address:
P.O. Box 4278
Shreveport, LA 71134-0278

(318) 222-2222
(318) 226-7150 (fax)
CRIcpa.com

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of The Philadelphia Center
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 June 1, 2023 through May 31, 2024. The Philadelphia Center's management is responsible for those C/C areas identified in the SAUPs.

The Philadelphia Center has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period June 1, 2023 through May 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results 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.

      Results: Written policies do not address the preparing 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.

      Results: Written policies do not address how vendors are added to the vendor list.

   c) ***Disbursements,*** including processing, reviewing, and approving.

Results: No exceptions were identified as a result of applying the procedure.

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).

Results: No exceptions were identified as a result of applying the procedure.

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.

Results: No exceptions were identified as a result of applying the procedure.

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.

Results: Written policies do not address the types of services requiring written contracts, standard terms and conditions, or the legal review of contracts.

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

Results: Written policies do not address the dollar thresholds by category of expense.

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).

Results: No exceptions were identified as a result of applying the procedure.

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.

Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

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

Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

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.

Results: There are no written policies over information technology disaster recovery/business continuity.

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.

Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

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.

Results: No exceptions were identified as a result of applying this procedure.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Results: No exceptions were identified as a result of applying this procedure.

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.

Results: This procedure is not applicable as The Philadelphia Center is not a governmental entity.

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.

Results: The FY23 audit report was not issued timely and issued subsequent to the year ended May 31, 2024. Therefore; this procedure was performed during FY2024.

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);

        Results: No exceptions were identified as a result of applying this procedure.

    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, electronically logged); and

        Results: Five exceptions where the bank reconciliations prepared by third party accountant were not reviewed.

    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.

        Results: CRI identified 14 outstanding reconciling items on a bank reconciliation that were not researched.

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).

    Results: CRI obtained a listing of deposit sites and management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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;

        Results: No exceptions were identified as a result of applying this procedure.

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;

   Results: No exceptions were identified as a result of applying this procedure.

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; and

   Results: No exceptions were identified as a result of applying this procedure.

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

   Results: No exceptions were identified as a result of applying this procedure.

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

   Results: No exceptions were identified as a result of applying this procedure.

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). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      Results: No exceptions were identified as a result of applying this procedure.

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

      Results: No exceptions were identified as a result of applying this procedure.

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

      Results: No exceptions were identified as a result of applying this procedure.

   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).

Results: One exception where the deposit was not made within one business day of the receipt at the collection location.

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

Results: No exceptions were identified as a result of applying this procedure.

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).

   Results: CRI obtained a listing of locations that process payments and management's representation that the listing was complete.

9. For each location selected under procedure #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;

   Results: No exceptions were identified as a result of applying this procedure.

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

   Results: No exceptions were identified as a result of applying this procedure.

   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;

   Results: No exceptions were identified as a result of applying this procedure.

   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; and

   Results: No exceptions were identified as a result of applying this procedure.

   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.

   Results: No exceptions were identified as a result of applying this procedure.

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, and

Results: No exceptions were identified as a result of applying this procedure.

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.

Results: No exceptions were identified as a result of applying this procedure.

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.

    Results: No exceptions were identified as a result of applying this procedure.

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.

    Results: CRI obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period and management's representation that the listing is complete.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

    a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

    Results: No exceptions were identified as a result of applying this procedure.

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

Results: No exceptions were identified as a result of applying this procedure.

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

    Results: No exceptions were identified as a result of applying this procedure.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

    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 or the U.S. General Services Administration (www.gsa.gov);

    Results: No exceptions were identified as a result of applying this procedure.

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

    Results: No exceptions were identified as a result of applying this procedure.

    c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1g; and

    Results: No exceptions were identified as a result of applying this procedure.

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

    Results: No exceptions were identified as a result of applying this procedure.

Contracts

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

    a) 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;

       Results: No exceptions were identified as a result of applying this procedure.

    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);

       Results: No exceptions were identified as a result of applying this procedure.

    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, the documented approval); and

       Results: No exceptions were identified as a result of applying this procedure.

    d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

       Results: No exceptions were identified as a result of applying this procedure.

Payroll and Personnel

17. 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.

    Results: No exceptions were identified as a result of applying this procedure.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #17 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);

       Results: No exceptions were identified as a result of applying this procedure.

b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Results: No exceptions were identified as a result of applying this procedure.

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

Results: No exceptions were identified as a result of applying this procedure.

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

Results: No exceptions were identified as a result of applying this procedure.

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

    Results: No exceptions were identified as a result of applying this procedure.

20. 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.

    Results: No exceptions were identified as a result of applying this procedure.

Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 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

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

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

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

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

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

24. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

    Results: Management represented no misappropriation of public funds or assets occurred during this fiscal period.

26. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: No exceptions were identified as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

27. 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 there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

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.

Results: We performed the procedure and discussed the results with management.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

    Results: We performed the procedure and discussed the results with management.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedures #17, 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 within 30 days of initial service or employment.

    Results: We performed the procedure and discussed the results with management.

Prevention of Sexual Harassment

30. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

31. 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).

    Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

32. 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; and

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

Results: This procedure is not applicable to The Philadelphia Center as a nonprofit.

We were engaged by The Philadelphia Center 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 Philadelphia Center 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.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana
November 26, 2024