

**Marketing Education Retail Alliance, Inc.**  
**Baton Rouge, Louisiana**  
**June 30, 2024**

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**HAWTHORN  
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## **Independent Auditor's Report**

To the Board of Directors  
Marketing Education Retail Alliance, Inc.  
Baton Rouge, Louisiana

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

#### ***Opinion***

We have audited the accompanying financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements present fairly, in all material respects, the financial position of Marketing Education Retail Alliance, Inc. as of June 30, 2024 and 2023, 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 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 Marketing Education Retail Alliance, Inc. 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 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 Marketing Education Retail Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Marketing Education Retail Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Marketing Education Retail Alliance, Inc.'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 or chief executive officer, as required by the Louisiana Legislative Auditor, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of Marketing Education Retail Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Marketing Education Retail Alliance, Inc.'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 Marketing Education Retail Alliance, Inc.'s internal control over financial reporting and compliance.

*Hawthorn, Waymouth & Carroll, L.L.P.*

December 3, 2024

**Marketing Education Retail Alliance, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

|   | 2024  | 2023   |
|---|-------|--------|
| <b>Assets</b>                                 |       |        |
| Cash  | \$ 19 | \$ 538 |
| Total assets                                  | \$ 19 | \$ 538 |
| <b>Liabilities</b>                            |       |        |
| Accounts payable                              | \$ 19 | \$ 538 |
| Total liabilities                             | 19    | 538    |
| <b>Net Assets, Without Donor Restrictions</b> | -     | -      |
| Total liabilities and net assets              | \$ 19 | \$ 538 |

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

**Marketing Education Retail Alliance, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2024 and 2023**

|                                      | <b>Without Donor Restrictions</b> |             |
|--------------------------------------|-----------------------------------|-------------|
|                                      | <b>2024</b>                       | <b>2023</b> |
| <b>Revenue and Other Support</b>     |                                   |             |
| State grant                          | \$ 675,528                        | \$ 675,001  |
| Contribution of nonfinancial assets  | 3,211                             | 3,211       |
| Total revenue and other support      | 678,739                           | 678,212     |
| <b>Expenses</b>                      |                                   |             |
| Program services                     | 599,574                           | 599,047     |
| General and administrative expenses  | 79,165                            | 79,165      |
| Total expenses                       | 678,739                           | 678,212     |
| <b>Change in Net Assets</b>          | -                                 | -           |
| <b>Net Assets, beginning of year</b> | -                                 | -           |
| <b>Net Assets, end of year</b>       | \$ -                              | \$ -        |

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

**Marketing Education Retail Alliance, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2024 and 2023**

|                                   | <u>June 30, 2024</u>    |                            |                   | <u>June 30, 2023</u>    |                            |                   |
|-----------------------------------|-------------------------|----------------------------|-------------------|-------------------------|----------------------------|-------------------|
|                                   | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u>      | <u>Program Services</u> | <u>Supporting Services</u> | <u>Total</u>      |
| <b>Administrative Expenses</b>    |                         |                            |                   |                         |                            |                   |
| Contract services                 | \$ 81,435               | \$ 37,365                  | \$ 118,800        | \$ 81,435               | \$ 37,365                  | \$ 118,800        |
| Equipment rental                  | 5,484                   | 2,516                      | 8,000             | 5,484                   | 2,516                      | 8,000             |
| Office rent                       | 6,169                   | 2,831                      | 9,000             | 6,169                   | 2,831                      | 9,000             |
| Telephone                         | 1,885                   | 865                        | 2,750             | 1,885                   | 865                        | 2,750             |
| Office supplies                   | 2,372                   | 1,088                      | 3,460             | 2,372                   | 1,088                      | 3,460             |
| Marketing/Outreach to schools     | <u>2,500</u>            | <u>-</u>                   | <u>2,500</u>      | <u>2,500</u>            | <u>-</u>                   | <u>2,500</u>      |
| Total administrative expenses     | <u>99,845</u>           | <u>44,665</u>              | <u>144,510</u>    | <u>99,845</u>           | <u>44,665</u>              | <u>144,510</u>    |
| <b>Operating Expenses</b>         |                         |                            |                   |                         |                            |                   |
| Accounting/bookkeeping            | -                       | 24,000                     | 24,000            | -                       | 24,000                     | 24,000            |
| Professional services             | -                       | 10,500                     | 10,500            | -                       | 10,500                     | 10,500            |
| Education consultant              | <u>19,000</u>           | <u>-</u>                   | <u>19,000</u>     | <u>19,000</u>           | <u>-</u>                   | <u>19,000</u>     |
| Total operating expenses          | <u>19,000</u>           | <u>34,500</u>              | <u>53,500</u>     | <u>19,000</u>           | <u>34,500</u>              | <u>53,500</u>     |
| <b>Travel</b>                     | <u>465</u>              | <u>-</u>                   | <u>465</u>        | <u>444</u>              | <u>-</u>                   | <u>444</u>        |
| <b>Marketing Education Grants</b> | <u>480,264</u>          | <u>-</u>                   | <u>480,264</u>    | <u>479,758</u>          | <u>-</u>                   | <u>479,758</u>    |
| Total expenses                    | <u>\$ 599,574</u>       | <u>\$ 79,165</u>           | <u>\$ 678,739</u> | <u>\$ 599,047</u>       | <u>\$ 79,165</u>           | <u>\$ 678,212</u> |

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

**Marketing Education Retail Alliance, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

|  | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
| <b>Cash Flows from Operating Activities</b>  |             |             |
| Change in net assets without donor restrictions  | \$ -        | \$ -        |
| Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities: |             |             |
| Increase (Decrease) in liabilities:  |             |             |
| Accounts payable   | (519)       | 30          |
| Net cash provided by (used in) operating activities  | (519)       | 30          |
| <b>Net Increase (Decrease) in Cash</b>   | (519)       | 30          |
| <b>Cash, beginning of year</b>   | 538         | 508         |
| <b>Cash, end of year</b>   | \$ 19       | \$ 538      |

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

**Marketing Education Retail Alliance, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 1-Nature of Operations**

Marketing Education Retail Alliance, Inc. (MERA) is a not-for-profit organization formed to enhance the current marketing education, entrepreneurship, and workforce development programs in Louisiana by providing learning opportunities, workforce training, and certification programs for Louisiana high school students, which will in turn produce a more knowledgeable workforce for Louisiana. MERA's revenue is derived from a cooperative endeavor agreement with the Louisiana Department of Economic Development, a Louisiana Public Corporation, to channel funds directly to the classroom through a grant process, for worthy, creative, and innovative opportunities to assist students in achieving their full potential. MERA works with local and national merchants and businesses through the Louisiana Retailers Association (LRA) to ensure the best preparation of our future leaders.

**Note 2-Summary of Significant Accounting Policies**

A. Basis of Accounting and Presentation

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.

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

*Net assets without donor restrictions:* net assets not subject to donor stipulations.

*Net assets with donor restrictions:* net assets subject to donor stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of MERA or the passage of time; or b) require that they be maintained in perpetuity by MERA; generally, the donor of these assets permits MERA to use all or part of the income earned.

At June 30, 2024 and 2023, MERA had no net assets with donor restrictions.

B. Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The overall reclassification had no impact on previously reported change in net assets or the year-end net asset balance.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates that were used.

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, MERA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2024 and 2023.

**Marketing Education Retail Alliance, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 2-Summary of Significant Accounting Policies (Continued)**

**E. Grants**

MERA receives grant funding from Louisiana Department of Economic Development to provide a variety of programs to Louisiana high schools based on specific requirements included in the agreement. The grant is a nonreciprocal transaction and includes conditions stipulated by the entity and is, therefore, accounted for as a conditional contribution. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received from the grant prior to incurring allowable expenses is recorded as deferred revenue.

**F. Contribution of Nonfinancial Assets**

Contribution of nonfinancial assets is reflected as revenue and expense in the accompanying financial statements at its estimated fair market value at the date of receipt. Nonfinancial assets were donated to the Organization to assist with the cost of professional fees in the amount of \$3,211 for the years ended June 30, 2024 and 2023.

**G. Functional Expenses**

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are allocated to program and supporting services on the basis of periodic time and expenses studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and operation of MERA.

**H. Income Taxes**

MERA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If MERA were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

**I. Liquidity Management**

As of June 30, 2024, the financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures include cash, totaling \$19. As part of its liquidity management, MERA has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

**Marketing Education Retail Alliance, Inc.**  
**Notes to Financial Statements**  
**June 30, 2024**

**Note 3-Related Party**

MERA is related to LRA through common governance. LRA provides administrative and operating support for program services to MERA, through a contract renewed annually contingent upon MERA receiving the state grant. The total amount paid for these services for the years ended June 30, are as follows:

|                                | <b>2024</b> | <b>2023</b> |
|--------------------------------|-------------|-------------|
| Contract services              | \$ 118,800  | \$ 118,800  |
| Equipment rental               | 8,000       | 8,000       |
| Office rent                    | 9,000       | 9,000       |
| Telephone                      | 2,750       | 2,750       |
| Office supplies                | 3,460       | 3,460       |
| Professional fees              | 3,211       | 3,211       |
| Marketing/ Outreach to schools | 2,500       | 2,500       |
|                                | \$ 147,721  | \$ 147,721  |

**Note 4-Contingencies**

MERA participates in a state grant program, which is governed by various rules and regulations. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that MERA has not complied with the rules and regulations governing the grant, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and MERA.

**Note 5-Economic Dependency**

MERA receives all of its revenue from a grant administered by the State of Louisiana. The grant amount is appropriated each year by the state government. If significant budget cuts are made at the federal and/or state level, the amount of funds received by MERA could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grant and contracts the organization will receive in the next fiscal year.

**Note 6-Subsequent Events**

MERA evaluated all subsequent events through December 3, 2024, the date the financial statements were available to be issued. As a result, MERA noted no subsequent events that required adjustment to, or disclosure in, these financial statements.



**Supplementary Information**

**Marketing Education Retail Alliance, Inc.  
Schedule of Compensation, Benefits, and Other  
Payments to Agency Head or Chief Executive Officer  
Year Ended June 30, 2024**

**Agency Head Name: Jessica Elliott, Administrator**

| <u>Purpose</u>                         | <u>Amount</u> |
|--|---------------|
| Salary                                 | \$ 0          |
| Benefits – insurance                   | 0             |
| Benefits – retirement                  | 0             |
| Car allowance                          | 0             |
| Vehicle provided by government         | 0             |
| Per diem                               | 0             |
| Reimbursements                         | 0             |
| Travel                                 | 0             |
| Registration fees                      | 0             |
| Conference travel                      | 0             |
| Continuing professional education fees | 0             |
| Housing                                | 0             |
| Unvouchered expenses                   | 0             |
| Special meals                          | 0             |

No payments were made to the administrator from public funds.



**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 of  
Marketing Education Retail Alliance, Inc.  
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Marketing Education Retail Alliance, Inc.'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 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.

*Hawthorn, Waymouth & Carroll, L.L.P.*

December 3, 2024

**Marketing Education Retail Alliance, Inc.**  
**Schedule of Findings and Reponses**  
**Year Ended June 30, 2024**

**Part I - Summary of Audit Results**

- 1) An unmodified opinion has been expressed on the financial statements of Marketing Education Retail Alliance, Inc. as of and for the year ended June 30, 2024, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be a significant deficiency were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was not required.
- 5) A management letter was not issued.

**Part II - Financial Statement Findings**

No findings were noted.

**Marketing Education Retail Alliance, Inc.  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024**

**Part I – Financial Statement Findings**

No findings were noted.

**Part II – Management Letter**

A management letter was not issued for the year ended June 30, 2023.

**Marketing Education Retail Alliance, Inc.  
Statewide Agreed-Upon Procedures Report  
June 30, 2024**



**Independent Accountant's Report  
on Applying Agreed-Upon Procedures  
For the Year Ended June 30, 2024**

To the Board of Directors of Marketing Education Retail Alliance, Inc. 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 July 1, 2023 through June 30, 2024. Marketing Education Retail Alliance, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***1) Written Policies and Procedures***

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- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. ***Disbursements***, including processing, reviewing, and approving.
  - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
  - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.



- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions noted.

## ***2) Board or Finance Committee***

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- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, 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 funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted.

### **3) Bank Reconciliations**

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- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted.

### **4) Collections (excluding electronic funds transfers)**

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- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions noted.

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

Results: No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted.

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

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

Results: No exceptions noted.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Results: No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions noted.

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

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*The entity does not have any credit cards, debit cards, fuel cards, or purchase cards; therefore, these procedures are not applicable.*

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

### **8) Contracts**

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- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

### **9) Payroll and Personnel**

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*The entity does not have any employees; therefore, these procedures are not applicable to the entity.*

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

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

### **10) Ethics**

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*The entity does not have any employees; therefore, these procedures are not applicable to the entity.*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### **11) Debt Service**

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*The entity does not have any debt issuance; therefore, these procedures are not applicable to the entity.*

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

## ***12) Fraud Notice***

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

Results: No exceptions noted.

## ***13) Information Technology Disaster Recovery/Business Continuity***

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- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
  - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed these procedures and discussed the results with management.

- B. 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 #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: The entity does not have any employees; therefore, this procedure is not applicable.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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: The entity does not have any employees; therefore, this procedure is not applicable.

#### ***14) Prevention of Sexual Harassment***

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*The entity does not have any employees; therefore, these procedures are not applicable to the entity.*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;  
and
  - v. Amount of time it took to resolve each complaint.

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

We are required to be independent of Marketing Education Retail Alliance, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*Hawthorn, Waymouth & Carroll, L.L.P.*

December 3, 2024