



EFFORTS OF GRACE, INC.

Independent Auditor's Report and Financial Statements  
For the Year Ended December 31, 2023

Wharton CPA, LLC

**Efforts of Grace, Inc.**  
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## **Independent Auditor's Report**

**To the Board of Directors of Efforts of Grace, Inc.:**

### ***Opinion***

I have audited the accompanying financial statements of Efforts of Grace, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Efforts of Grace, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (“*Government Auditing Standards*”). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Efforts of Grace, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the “contractual” basis of accounting described in Note 1, and for determining that the “contractual” basis for the preparation of financial statements under the circumstances. Management is also responsible for the design, implementation, 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 Efforts of Grace’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**

My 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 my 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*, I:

- 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 Efforts of Grace'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Efforts of Grace's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## **Report on Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head; and the 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, on pages 16 and 22, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated October 22, 2024, on my consideration of Efforts of Grace's internal control over financial reporting and on my 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 my 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 Efforts of Graces'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 Efforts of Grace's internal control over financial reporting and compliance.

*Wharton CPA, LLC*

New Orleans, Louisiana  
October 22, 2024

**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**1. Organization**

**General – Efforts of Grace, Inc. (EGI)** is a not-for-profit, 501(c)(3), organization that creates and supports programs, activities, and creative works emphasizing the contributions of people of African descent. **EGI** is a leading African- American cultural institution in New Orleans, and has evolved into an institutional presence in New Orleans advancing opportunity and possibility for people of color in their creative, cultural, social and economic pursuits.

One of the most visible projects of EGI is the operation of the Ashe' Cultural Arts Center (Ashe' CAC). The mission of Ashe' CAC is to use art and culture to support community development. Ashe' CAC was created in 1993 for the purposes of producing, creating, and encouraging art, images, and performances by and about African-Americans that emphasize their powerful contributions to the welfare of the community. Located in Central City, the Ashe' CAC provides opportunities for art presentations, community development, artist support, and the creation of partnerships that amplify outreach and support efforts.

**2. Summary of Significant Accounting Policies**

**Basis of Accounting** – Efforts of Grace’s financial statements are prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles, whereby revenue is recorded when earned and expenses are recorded when incurred.

**Property, Furniture, and Equipment** – Property, furniture, and equipment are recorded at cost, when purchased and at fair market value, when received as a donation. Expenditures of \$1,000 or more, along with improvements that extend the useful life of assets are capitalized. The straight-line method of depreciation is used for the assets owned by Efforts of Grace, Inc. The estimated useful lives of these assets, which consists of property, furniture, and equipment range from 3 to 30 years.

**Income Taxes** – Efforts of Grace, Inc. has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code. Tax years 2020, 2021, and 2022 remain open for potential examination of taxing authorities. The agency’s financial exposure would exist as it relates to potential unrelated business income.

**Estimates** – Management uses estimate and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**Summary of Significant Accounting Policies (Continued)**

**Functional Expenses** – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. These expenses were allocated based on estimates of time and effort.

**Basis of Presentation** - Financial Accounting Standards Board (FASB) Accounting Standards Codification “ASC” 958, Not-for-Profit Entities, requires net assets and changes in net assets be reported for in two classifications. A description of the two types of Net Assets categories is described below:

Net Assets with donor imposed restrictions – Gifts of cash and other assets which have donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified as unrestricted net assets.

Net Assets without donor imposed restrictions – Gifts of cash and other assets absent of donor imposed restrictions. This category of net assets also includes assets previously restricted where restrictions have expired or been met.

Amounts received with donor stipulations that limit the use of the donated assets are reported as restricted support. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statement of activities as net assets released from restrictions.

**Contributions of Nonfinancial Assets** – *Accounting Standards Update No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) (ASU 2020-07).*

ASU 2020-07 requires contributed nonfinancial assets to be presented in a separate line item in the statement of activities, separate from contributions of cash and other financial assets. Additionally, non-profits are required to separate the contributed nonfinancial assets recognized in the statement of activities by category that describes the type of contributed nonfinancial assets.

**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**Summary of Significant Accounting Policies (Continued)**

**Fair Values of Financial Instruments** – Efforts of Grace, Inc. adopted certain provisions of the Statement of Financial Accounting Standards (SFAS) No. 157. Fair Value Measurement which is codified in FASB ASC Topic 820. Topic 820 refines the definition of fair value, establishes specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. Further, ASC Topic 820 requires Efforts of Grace to maximize use of observable market inputs, minimize use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements.

**Statement of Cash Flow** – For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and having original maturities of three months or less, and which are not held for investing purposes.

**New Accounting Pronouncement** – FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new standard, lessees will be required to recognize lease assets and liabilities for all leases, with certain exceptions, on their Statement of Financial Position.

Under the new standard, both financing leases and operating leases would create an asset (right-of-use, or ROU asset) and a liability, initially measured at the present value of the lease payments, to be reflected on the statement of financial position. For leases whose term is 12 months or less, however, lessees may make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This standard applies to fiscal years beginning after December 15, 2021. The organization has reviewed and considered the impact of this new pronouncement on its financial statements and determined that there are no current operating leases in effect.

**Public Support and Revenue** – Contributions to the Organization are recognized when cash, securities of other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors.



**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**Summary of Significant Accounting Policies (Continued)**

**Public Support and Revenue (Continued)**- For programs, consulting fees, and exchange-type grants and contracts, revenue is recognized when earned in accordance with ASC 606, *Revenue from Contracts with Customers*. Program fees and payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

**Subsequent Events** - The agency has evaluated its December 31, 2023 financial statements through the date that the financial statements were issued October 22, 2024 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**Economic Dependency**- Efforts of Grace, Inc. receives its funding primarily through contributions and grant programs. The continuance of this program is dependent upon the agency's ability to obtain contributions and new funding from grant programs. Also, any funding considered not properly spent in accordance with funders' terms may be subject to recapture.

**Advertising**- Advertising costs are expensed as incurred and totaled \$96,703 for the year ended December 31, 2023.

3. **Cash and Cash Equivalents** – Efforts of Grace, Inc.'s cash and cash equivalents consists of cash on deposit with four different banks. Funds in excess of FDIC Insurance limits was noted at one bank in the amount of \$458,590 at December 31, 2023.
4. **Promises To Give**- Unconditional promises to give are recorded as receivables and revenue when received. **EGI** distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. At December 31, 2022, \$1,000,000 of promises to give are outstanding. Promises to give have not been discounted due to immateriality of discounts and are being reported at face value and are due as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2023	\$1,000,000

**Efforts  
of Grace, Inc.  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

**5. Property, Furniture And Equipment-** As of December 31, 2023, property, furniture, and equipment and related depreciation consist of the following:

Land	\$ 60,000
Building and Improvements	7,415,918
Furniture and equipment	<u>285,199</u>
	7,761,117
Less: accumulated depreciation	<u>(2,477,900)</u>
Total	<u>\$ 5,283,217</u>

Certain property and equipment serve as collateral for a mortgage and a note payable.

**6. Purchase of Building and Major Renovations** – In March 2023, EGI purchased a building known as the “Powerhouse Building” located at 1731 Baronne Street, with federal funds from the Office of Community Development. The funds were extended as a loan through the Project-Based Recovery Opportunity Program (PROP). The building was recorded at cost of \$860,999. Funds were also approved through this program and under this same agreement for major improvements at the “Ashe’ Cultural Arts Center” located at 1712 Oretha Castle Haley Blvd., which is also owned by EGI. Those costs are ongoing at December 31, 2023.

**7. Custodial Accounts** - Custodial accounts includes funds received by Efforts of Grace on behalf of other religious, charitable, and educational organizations. EGI is the fiscal agent for these funds. The balance of Custodial accounts at December 31, 2023 totaled \$22,075.

**8. Other Liabilities** - On January 1, 2021 an agreement was reached between **EGI** and **EGI's** Co-founder and Former Executive Director to retroactively provide a Retirement Package upon her retirement and leadership of EGI which was effective as of December 31, 2019 (retirement date). This agreement provided for payment of \$24,769 in December 2020 and subsequent monthly payments of \$5,558 beginning January 15, 2021 terminating August 15, 2023 totaling \$175,231, for a total retirement package of \$200,000. The remaining retirement balance due to the former Executive Director is \$-0- at December 31, 2023.

**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**9. Mortgage and Notes Payable** - A summary of the mortgage and notes payable as of December 31, 2023 is as follows:

EGI had a Mortgage payable to a bank bearing interest at a rate of 5.5% per annum. There was a loan balance of \$846,571 at December 31, 2023. Principal terms of the loan require twenty-four (24) monthly payments of \$6,171 and a balloon payment of \$845,970 upon its maturity date of March 7, 2024. As of this report date, the loan has not been re-financed nor payment made of the balloon amount.

\$846,571

EGI has an additional Mortgage payable to a bank which bears interest at a fixed rate of 4.25% and requires sixty-six (66) regular payments of \$1,035. The mortgage matures on October 29, 2026, at which time a balloon principal payment and accrued interest are due. The loan is secured by real estate.

\$374,828

EGI has a third mortgage loan with the State of Louisiana, Office of Community Development from federal funds provided to purchase a building and perform major renovations on another building. See Note 6. The loan term is thirty (30) years at an interest rate of 1 % per annum prior to default and 8% after an event of default (which default rate will be retroactively applied to the date of first funding). In the absence of an event of default or acceleration of the Loan, no interest shall accrue, be due, or payable during the first six months after the date of the funding of the first principal advance. Thereafter, only interest shall be due and payable during the seventh through twelfth months after the date of the funding of the first principal advance. Thereafter, the Loan shall be amortized over a period of twenty-nine (29) years and equal payments of principal and interest shall be due and payable each month.

\$985,312

Total mortgage payable \$2,206,711

Note Payable (Secured Disaster Loan) to the Small Business Administration (SBA) dated May 21, 2020 with an annual interest rate of 2.75%. EGI must make all payments at the place the SBA designates. EGI must pay principal and interest of \$641 every month beginning twelve months from the date of the note payable. The SBA will apply each installment payment to interest first, then will apply any remaining balance to principal reduction. This note payable is secured by real estate. All remaining principal and accrued interest is due and payable thirty (30) years from the date of the note payable.

Total notes payable \$144,416

Total Mortgages and Notes Payable \$2,351,127

**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**Mortgage and Notes Payable (continued)**

The following are scheduled principal payments due on the mortgage and notes payable to maturity:  
Year Ending December 31:

2024	\$913,316*
2025	55,937
2026	56,297
2027	56,660
2028 and thereafter	1,268,917
Total	<u>\$2,351,127</u>

\*Includes Ballon Payment due

**10. Net Assets With Donor Restrictions** – As of December 31, 2023, net assets with donor restrictions are available for the following:

Purpose and time restricted net assets	\$ 1,000,000
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For the year ended December 31, 2023, net assets of \$ 1,233,332 were released from donor restrictions resulting from satisfaction of time and/or purpose restrictions.

**11. Grants and Contributions** – Grants and contributions revenue consisted of the following for the year ended December 31, 2023:

Private foundations, trusts, & other non-profits	\$2,572,046
State and local grants	<u>-0-</u>
Total Grants and Contributions	<u>\$2,572,046</u>

**12. Commitments and Contingencies-** As a recipient of government grants, there are various guidelines, regulations etc. EGI is also the recipient of various grants from private foundations, trusts and nonprofit organizations. As such, the administration of the programs and activities funded by those grants, are subject to audit and/or review. Any grant awards found not to be properly spent in accordance with the terms, conditions, and regulations associated with them, may be subject to recapture.

**13. Related Party Transactions** –EGI contracts with the husband and son of its Executive Director for certain services. The services are paid at “fair market rates” and approved by its Board of Directors. One of EGI’s board members is the Director of a nonprofit that performs work for EGI. The nonprofit received payment for its work at a “fair market rate” which was approved by its Board of Directors.

**Efforts of Grace, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**14. Liquidity and Availability of Financial Assets** - The following reflects the Organization's financial assets as of December 31, 2023, 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:

Financial assets	\$ 2,648,369
Less: Amounts unavailable for general expenditures within one year due to donor-imposed restrictions	
Restricted cash and cash equivalents	219,198
Promises to give	1,000,000
Less: Board Designated Assets-Operating Reserve	<u>142,917</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>1,286,254</u></u>

As part of the Organization's liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.



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

**To the Board of Directors of Efforts of Grace, Inc.:**

I 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 Efforts of Grace, Inc. (a nonprofit organization) ("EGI") which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 22, 2024.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Efforts of Grace'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Efforts of Grace's internal control. Accordingly, I do not express an opinion on the effectiveness of Efforts of Grace'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. My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Efforts of Grace's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, as presented in the schedule of findings and questioned costs as item 2023-1.

### **Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on EGI's response to the finding identified in my audit and described in the accompanying schedule of findings and questioned costs. EGI's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I do not express an opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Efforts of Grace's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Efforts of Grace's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wharton CPA, LLC*

New Orleans, Louisiana  
October 22, 2024



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

**To the Board of Efforts of Grace, Inc. :**

**Report on Compliance for the Major Federal Program**

**Opinion on the Major Federal Program**

I have audited Efforts of Grace's ("EGI'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 Efforts of Grace's major federal program for the year ended December 31, 2023. Efforts of Grace's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In my opinion, Efforts of Grace complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

**Basis for Opinion on the Major Federal Program**

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

I am required to be independent of Efforts of Grace, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for the major federal program. My audit does not provide a legal determination of Efforts of Grace'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 Efforts of Grace's federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

My 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 Efforts of Grace's compliance based on my 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 allow us to 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 Efforts of Grace's compliance with the requirements of the major federal program.

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

- 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 Efforts of Grace's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Efforts of Grace'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 Efforts of Grace's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

**Other Matters**

The results of my auditing procedures disclosed an instance of noncompliance in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-1. My opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on EGI's response to the finding identified in my audit and described in the accompanying schedule of findings and questioned costs. EGI's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I do not express an opinion on the response.

**Report on Internal Control over Compliance**

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

My consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my 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.

*Wharton CPA, LLC*

New Orleans, Louisiana

October 22, 2024

**EFFORTS OF GRACE  
SCHEDULE OF FEDERAL EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>GRANTOR</u>	<u>CFDA NUMBER</u>	<u>ENTITY NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>	<u>ACTIVITY</u>
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant Passed through the Louisiana Office of Community Development	14.228	N/A	-0-	\$981,162
<b>Total U.S. Department of Housing and Urban Development</b>				<u>981,162</u>
<b><u>Total Expenditures of Federal Award</u></b>				<b>\$981,162</b>

See accompanying notes to schedule of expenditures of federal awards

**EFFORTS OF GRACE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal grant activity of Efforts of Grace, Inc. under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Efforts of Grace, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Efforts of Grace, Inc. Efforts of Grace, Inc. is defined in Note 1 to the financial statements for the year ended December 31, 2023. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies, as applicable.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Efforts of Grace, Inc. financial statements for the year ended December 31, 2023. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationship to Financial Statements**

Federal loan funds of \$981,162 are included in the Statement of Financial Position in the category “Mortgage and Notes Payable.”

**4. De Minimis Cost Rate**

During the year ended December 31, 2023, Efforts of Grace, Inc. did not use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

**EFFORTS OF GRACE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Part I – Summary of Auditor’s Results**

1. The independent auditor’s report on the financial statements expressed an unmodified opinion.
2. There are no significant deficiencies disclosed during the audit of the financial statements.
3. There are no instances of noncompliance considered material to the financial statements disclosed by the audit.
4. There are no significant deficiencies in internal control over major federal award programs reported during the audit.
5. There are no audit findings required to be reported in accordance with guidance under HUD Community Development Block Grant Program.
6. There is one audit finding required to be reported in accordance with the Uniform Guidance.
7. The Project’s major program is:

**Name of Federal Program or Cluster**

U.S. Department of Housing and Urban Development (Community Development Block Grant)

8. There is only one federal program and it is classified as a Type A program as those terms are defined in the Uniform Guidance.
9. Threshold used for determining Type A programs was \$750,000.
10. The Agency did not qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

**EFFORTS OF GRACE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**II:** Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

None reported.

**III:** Findings and Questioned Costs Relating to Federal and State Awards:

**2023-1 Late Audit Report Filing**

Condition: The audit for the year ended December 31, 2023 was not completed and submitted until October 2024.

Criteria: Federal law requires audit submission no later than nine (9) months following the end of the fiscal year. The Louisiana State audit law (LRS 24:513) requires the agency to complete its reporting requirements to the State within six (6) months following the end of its fiscal year.

Cause: An audit engagement letter was not completed and approved until late July 2024.

Effect: The audit is late and not in compliance with State and Federal reporting requirements.

Recommendation: It is recommended that the Agency procure CPA services in a timely manner to meet its reporting obligations under both Federal and Louisiana State audit law.

Management Response: Management will take the proper steps to ensure the financials are ready for audit in accordance with federal and state guidelines.

Note : There were no prior year findings or questioned costs.



EFFORTS OF GRACE, INC.

Report On Statewide Agreed-Upon Procedures  
On Compliance and Control Areas  
For the Year Ended December 31, 2023

Wharton CPA, LLC

Phone: (504) 401-9581 • Email: Brendel@bwhartoncpa.com

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Efforts of Grace, Inc.:

I have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2023. Efforts of Grace's management is responsible for those C/C areas identified in the SAUPs.

Efforts of Grace, Inc. (EGI) 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 year ended December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures I performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

I was engaged by Efforts of Grace, Inc. to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs for the year ended December 31, 2023. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of Efforts of Grace, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my 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.

*Wharton CPA, LLC*

Wharton CPA, LLC  
New Orleans, LA  
October 22, 2024

EFFORTS OF GRACE, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
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Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “no exception noted” or for step 13 “we performed the procedure and discussed the results with management.” If not, then a description of the exception ensues.

**1) Written Policies and Procedures**

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

- 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.

No exception noted.

- iii. **Disbursements**, including processing, reviewing, and approving

No exception noted.

- 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).

No exception noted.

- 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.

No exception noted.

EFFORTS OF GRACE, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
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Schedule A

- 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.

The Entity's policies and procedures related to contracting do not address attributes (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.

No exception noted.

- 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).

No exception noted.

- 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.

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

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

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

EFFORTS OF GRACE, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
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- 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.

The Entity does not have written policies containing these attributes.

- 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.

This procedure was not performed, as it is deemed not applicable to the Entity.

## 2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe whether 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.

No exception noted.

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

No exception noted.

EFFORTS OF GRACE, INC.  
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- 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.

This procedure was not performed, as the Entity is not a governmental entity.

- 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.

This procedure was not performed, as the Entity has no prior audit findings to resolve.

**3) Bank Reconciliations**

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

Public funds were deposited into and disbursed from one bank account. No exceptions were noted as a result of performing this procedure.

I obtained the bank reconciliation for the month ended December 31, 2023, resulting in 1 bank reconciliation obtained and subjected to the below procedures.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exception noted.

EFFORTS OF GRACE, INC.  
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- 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.

No exception noted.

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

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided.

- 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:

From each of the listings provided, we haphazardly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exception noted.

- 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;

No exception noted.

- 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

No exception noted.

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

No exception 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.

No exception 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). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

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

No exception noted.

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

No exception noted.

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

No exception noted.



EFFORTS OF GRACE, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
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- 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).

No exception noted.

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

No exception 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).

The listing of locations that process payments for the fiscal period was provided. From the listing provided, we selected the one location identified and performed the procedures below.

- B. For each location selected under #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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #5 was provided. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception noted.

EFFORTS OF GRACE, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
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- ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

- 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;

No exception noted.

- 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

No exception noted.

- 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.

No exception noted.

- C. For each location selected under #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

A listing of non-payroll disbursements for each payment processing location selected in procedure #5A was provided related to the reporting period. From each of the listings provided, we haphazardly selected five disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exception noted.

EFFORTS OF GRACE, INC.  
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- 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. No exception 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.

A listing of non-payroll electronic disbursements for the Entity's main operating account selected in procedure #3A was provided. From the listing provided, we haphazardly selected five electronic disbursements and performed the specified procedures.

No exception noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided.

- 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

From the listing provided, we haphazardly selected five cards used during the fiscal period. We haphazardly selected one monthly statement for each of the five cards selected and performed the procedures noted below.

EFFORTS OF GRACE, INC.  
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- 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  
  
No exception noted.
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.  
  
No exception noted.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.  
  
No exception noted.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period.

EFFORTS OF GRACE, INC.  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
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- 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));

No exception noted.

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

No exception noted.

- 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

No exception noted.

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

No exception noted.

## 8) Contracts

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

An active vendor list for the fiscal period was provided. From the listing provided, we haphazardly selected five contracts and performed the procedures below.

- 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;

No exception noted.

EFFORTS OF GRACE, INC.  
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- 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);

No exception noted.

- 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

This procedure was not performed, as the selected contracts was not amended during the fiscal period.

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

No exception noted.

**9) Payroll and Personnel**

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

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

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- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

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

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

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

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

- 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.

This C/C area is not applicable to the entity, as there were no payroll transactions related to the use of public funds.

- 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.

This C/C area is not applicable, as there were no payroll transactions from public funds.

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Schedule A

**10) Ethics**

- A. Using the 5 randomly selected employees/officials from procedure “Payroll and Personnel” procedure #9A, above 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.

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. This procedure was not performed, as it is deemed not applicable to non-profit organizations.

**11) Debt Service**

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

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

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

This procedure was not performed, as it is deemed not applicable to non-profit organizations.



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**12) Fraud Notice**

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

Management represented that there were no misappropriations of public funds and assets during the fiscal period.

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

No exception noted.

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

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

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- 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.

We performed the procedure and discussed the results with management.

- C. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

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

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

- 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).

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

- 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;

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- 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.

This procedure was not performed, as it is deemed not applicable to non-profit organizations.

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SAUP Written Policies and Procedures Findings

Management Response: Management will review the current policies and procedures with intent to amend and add the aforementioned items.