

Tangi Community Development

Amite, Louisiana

Financial Statements

December 31, 2022

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KnightMadden

A Professional Accounting Corporation

John E. Theriot II, CPA, CGMA

Dona C. Manuel, CPA

Stephanie R. Lemoine, CPA

Independent Auditors' Report

Board of Directors
Tangi Community Development
Amite, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tangi Community Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tangi Community Development as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tangi Community

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Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 Tangi Community Development'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 Tangi Community Development'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 the executive director, is presented for purposes of additional analysis and is not a required part of the financial statements. Such

information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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 August 23, 2023, on our consideration of Tangi Community Development'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 Tangi Community Development'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 Tangi Community Development's internal control over financial reporting and compliance.



KnightMasden
Alexandria, Louisiana
August 23, 2023

Tangi Community Development
Statement of Financial Position
For the Year Ended December 31, 2022

Assets	
Current Assets	
Cash and cash equivalents	\$ 112,857
Grants and pledges receivable	10,156
Notes receivable - current portion	3,000
Inventory	<u>1,035,315</u>
Total Current Assets	1,161,328
Other Assets	
Notes receivable - net of current portion	24,000
Restricted cash	<u>1,980</u>
Total Other Assets	<u>25,980</u>
Total Assets	<u>\$ 1,187,308</u>
Liabilities and Net Assets	
Current Liabilities	
Accrued interest	\$ 3,576
Notes payable - current portion	<u>990,302</u>
Total Current Liabilities	993,878
Notes payable, net of current portion	<u>171,338</u>
Total Liabilities	1,165,216
Net Assets	
without Donor Restriction	(36,888)
with Donor Restriction	<u>58,980</u>
Total Net Assets	<u>22,092</u>
Total Liabilities and Net Assets	<u>\$ 1,187,308</u>

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

Tangi Community Development
Statement of Activities
For the Year Ended December 31, 2022

	<u>without Donor Restrictions</u>	<u>with Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions, gifts and grants	\$ 90,252	\$ 30,000	\$ 120,252
Total Revenues	90,252	30,000	120,252
Net Assets released from restrictions	45,615	(45,615)	-
Functional Expenses			
Program Services			
Subdivision lots	141,616	-	141,616
Supporting Services			
Management and general	54,272	-	54,272
Total Functional Expenses	195,888	-	195,888
Change in Net Assets	(60,021)	(15,615)	(75,636)
Net Assets - Beginning	23,133	74,595	97,728
Net Assets - Ending	<u>\$ (36,888)</u>	<u>\$ 58,980</u>	<u>\$ 22,092</u>

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

Tangi Community Development
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in Net Assets	\$ (75,636)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Forgiveness of mortgage receivable	(3,000)
(Increase) decrease in grant receivable	(4,907)
(Increase) decrease in inventory	(898,205)
Increase (decrease) in other liabilities	<u>2,846</u>
Net Cash Provided/(Used) by Operating activities	<u>(978,902)</u>
Cash flows from Financing Activities	
Advances on notes payable	<u>1,027,934</u>
Net Cash Used by Financing Activities	<u>1,027,934</u>
Net Increase (Decrease) in Cash and Cash Equivalents	49,032
Cash and Cash Equivalents - Beginning	<u>65,805</u>
Cash and Cash Equivalents - Ending	<u>\$ 114,837</u>
Consisting of:	
Cash and cash equivalents	\$ 112,857
Restricted cash	<u>1,980</u>
Total	<u>\$ 114,837</u>

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

Tangi Community Development
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Real Estate Activities</u>	<u>Management and General</u>	<u>Total Expenses</u>
Utilities	\$ -	\$ 100	\$ 100
Office supplies	-	3,187	3,187
Payroll expenses	126,917	42,306	169,223
Insurance	3,980	1,327	5,307
Interest	-	3,576	3,576
Legal and professional	-	1,100	1,100
Travel	-	2,043	2,043
Miscellaneous	1,766	633	2,399
Direct program cost	<u>8,953</u>	<u>-</u>	<u>8,953</u>
	<u>\$ 141,616</u>	<u>\$ 54,272</u>	<u>\$ 195,888</u>

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

Tangi Community Development
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Tangi Community Development (the Corporation) is a not-for-profit organization formed under the laws of the State of Louisiana. The purpose of the Corporation is to provide assistance and educational material with respect to the development, operation and maintenance of affordable, safe, sanitary, and decent housing, educational and vocational training, health care and transportation services in the State of Louisiana.

The Corporation's funding sources consist of contributions and grants from foundations and federal, state and local governments. The corporation develops and rehabilitates single family housing to sell to low-income individuals and families.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

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

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time or be permanently maintained by the Corporation. When a restriction expires, net assets with donor restrictions are reclassified to net asset without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Corporation considers all demand deposits and highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include monies designated for specific programs or held for others.

Tangi Community Development
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Contributions and Grants

Contributions and grants are recorded as received. Unconditional promises to give are recorded as they are made. Conditional promises to give are recognized as revenue when the necessary conditions are fulfilled. The Corporation charges off receivables if management considers the collection of the outstanding balance as doubtful. No allowance is recorded because management believes all accounts to be collectable.

Inventory

Inventory consists of single-family homes and lots for single family homes to be constructed on. Interest on construction line of credit was capitalized into the value of the inventory. Inventory is stated at cost using the specific identification method.

Property, Equipment, and Depreciation

Property and equipment are stated at cost if purchased, or fair value at the date of donation, if contributed to the Corporation, less accumulated depreciation. Depreciation is computed on depreciable assets on a straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed as incurred; however, significant renewals and improvements are capitalized.

Income Taxes

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, the Corporation is not classified as a “private foundation” by the Internal Revenue Service. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the organization, and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or assets) or disclosure in the financial statements.

Functional Allocation of Expenses

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

Tangi Community Development
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842), which among other things, requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. A lessee is required to record lease assets and lease liabilities for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for in a manner similar to existing guidance for operating leases today. The ASU is not expected to impact the financial statements as the Company does not have any leases. The effective date for this standard is fiscal years beginning after December 15, 2021. The Company's 2022 numbers reflect the new standard.

In July 2018, the FASB issued ASU No. 2018-11, which provided entities with an additional transition method. Under the new transition method, an entity initially applies the new standard at the adoption date, versus at the beginning of the earliest period presented, and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company elected this transition method and adopted Topic 842 using a modified retrospective approach for 2022 with the cumulative effect of initially applying the new standard recognized in Retained earnings at January 1, 2022.

Note 2 – Inventory

During the year, the Corporation began work on four single-family dwellings to provide low-income families with affordable housing. The Corporation has an additional two lots that will be developed to provide affordable housing. The cost associated with these projects in process at December 31, 2022 is \$1,035,315.

Note 3 – Fair Value Measurement

FASB ACS 820-10, Fair Value Measurement, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fair value of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include cash, checking and savings accounts, certificate of deposit, highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.

Tangi Community Development
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Fair Value Measurement (continued)

Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but observable, either directly or indirectly through corroboration with observable market data and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions, and certain corporate, asset backed securities, and swap agreements.

Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement include the reporting entity’s own assumptions about market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

Fair value of assets measured on a recurring basis at December 31, 2022 are as follows:

<u>Description</u>	<u>Fair Value Measurement at December 31, 2022</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$112,857	\$112,857	-	-
Restricted Cash	\$1,980	\$1,980		

Note 4 – Restricted Cash

The Corporation maintains a separate bank account to hold the proceeds from the sales of houses sold through the HOME Program. These funds are restricted for the purpose of providing housing for low-income families. The balance in this account at December 31, 2022 is \$1,980.

Note 5 – Notes Receivable

In 2020, the Corporation received a grant from the Louisiana Housing Finance Agency (Soft Seconds) to aid qualified buyers in the purchase of the low income housing constructed by the Corporation. The aid is in the form of a mortgage that is forgiven over a period of ten to fifteen years depending on the amount of aid awarded to the individual, as long as the homeowner abides by the covenants in the agreement signed with the Corporation. In 2022, \$3,000 of the receivable balance was forgiven.

At December 31, 2022, notes receivable balances were:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Soft Seconds	\$3,000	\$24,000	\$27,000

Tangi Community Development
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Notes Payable

At December 31, 2022, the Corporation had the following notes payable:

Note payable to Louisiana Housing Corporation for development of single-family dwellings, dated October 1, 2021, no interest, forgivable loan to be forgiven if dwelling is sold to qualified buyer.	\$970,161
Note payable to Housing Assistance Council for development of affordable housing, dated January 27, 2021, no interest, due in full on January 27, 2024.	23,438
Note payable to Enterprise Community Partners for start up of organization, dated October 17, 2022, no interest, due in full on October 15, 2024.	100,000
Note payable to Small Business Administration in the form of a Disaster COVID-19 Economic Injury loan, dated August 5, 2022, stated interest rate of 2.75%, due in monthly payments of \$50 beginning August 6, 2023.	47,900
Line of credit to BankPlus, dated August 11, 2022, stated interest rate of 5.50%, due in full on August 16, 2023.	<u>20,141</u>
Total	1,161,640
Less current portion	<u>990,302</u>
Total long-term notes payable	\$171,338

The Corporation had \$30,274 of unused credit on the BankPlus Line of Credit as of December 31, 2022.

Future maturities of notes payable as of December 31, 2022 were as follows:

<u>Year Ended</u>	<u>Amount</u>
2023	\$990,302
2024	\$124,038
2025	\$2,460
2026	\$2,460
2027+	\$42,380

Tangi Community Development
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Income Taxes

As of December 31, 2022, tax years 2019 and subsequent were still within the prescription period for examination by taxing authorities. As of the date of the report, the 2022 return has not been filed.

Note 8 – Restricted Net Assets

At December 31, 2022, net assets with donor restrictions consisted of the following:

Soft Second Mortgages	\$27,000
Affordable Housing for Veterans	30,000
Low Income Housing	<u>1,980</u>
Total	<u>\$58,980</u>

Note 9 – Contributed Services

The Board of Directors is a voluntary board. These volunteers have made significant contributions of their time to the Corporation. The value of the contributed time is not reflected in these statements since it is not susceptible to an objective measurement or valuation.

Note 10 – Liquidity and Availability of Financial Assets

Financial assets, consisting of cash and accounts receivable, that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to \$93,013 at December 31, 2022. The Corporation has a goal to maintain sufficient financial resources on hand to meet sixty days of normal operating expenses.

Note 11 – Subsequent Events

In August 2023, the Corporation sold one of single-family homes being developed for \$189,000.

Subsequent events have been evaluated through August 23, 2023, which is also the date the financial statements were available to be issued.

Supplementary Information

Tangi Community Development
Schedule of Compensation, Benefits and Other Payments to Kotrina Bryant,
Executive Director
For the Year Ended December 31, 2022

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 51,979
Travel reimbursement	<u>5,781</u>
	<u>\$ 57,760</u>

Reports on Internal Control, Compliance, and Other Matters



Independent Auditors' Report on Internal Control over Financial Reports and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Tangi Community Development
Amite, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tangi Community Development (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2023.

Report on Internal Control over Financial Reporting

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

deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tangi Community Development'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.



KnightMasden
Alexandria, Louisiana
August 23, 2023



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Tangi Community Development
Amite, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tangi Community Development's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tangi Community Development's major federal programs for the year ended December 31, 2022. Tangi Community Development's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tangi Community Development complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Tangi Community Development and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tangi Community Development'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 Tangi Community Development's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tangi Community Development's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tangi Community Development's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tangi Community Development's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tangi Community Development'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 Tangi Community Development's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

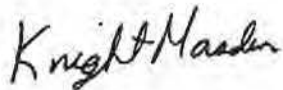
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



KnightMasden
Alexandria, Louisiana
August 23, 2023



Tangi Community Development
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

<u>Federal Grantor/Pass-through Grantor</u>	<u>Federal CDFA Number</u>	<u>Pass- through Identifying Number</u>	<u>Pass- through to Sub- recipients</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development				
Home Investment Partnership Program				
Indirect Programs:				
Louisiana Housing Corporation	14.239		\$ -	\$932,513
Section 4 Capacity Building for Community Development and Affordable Housing				
Indirect Programs:				
Housing Assistance Council	14.252		-	<u>31,095</u>
Total U.S. Department of Housing and Urban Development			\$ -	<u>\$963,608</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$963,608</u>

Tangi Community Development
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Tangi Community Development and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Reconciliation of Expenses to Federal Expenditures

Program expenses	\$141,616
Federal expenditures for inventory	932,513
Non-federal expenditures	<u>(110,521)</u>
Total Federal Expenditures	<u>\$963,608</u>

Note C – Indirect Cost Rate Election

Tangi Community Development did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2022.

Note D – Home Investment Partnership Program

The Home Investment Partnership Program is a grant in the form of a forgivable loan. The balance of the loan at December 31, 2022 was \$970,161.

Tangi Community Development
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

A. Summary of Auditors' Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report | Unmodified |
| 2. Internal control over financial reporting: | |
| 1. Material weakness identified? | No |
| 2. Significant deficiencies identified not considered material weakness? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | | | | | | | |
|---|-------------------------------------|------------------------|----------------|--|--------|-------------------------------------|--|
| 1. Type of auditors' report issued on compliance for major programs | Unmodified | | | | | | |
| 2. Internal control over financial reporting: | | | | | | | |
| a. Material weakness identified? | No | | | | | | |
| b. Significant deficiencies identified no considered material weakness? | None noted | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in the accordance with 2CFR section 200.516(a)? | No | | | | | | |
| 4. Identification of major programs | | | | | | | |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Federal Assistance</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">Listing Number</td> <td></td> </tr> <tr> <td style="text-align: center;">14.239</td> <td style="text-align: center;">Home Investment Partnership Program</td> </tr> </table> | <u>Federal Assistance</u> | <u>Federal Program</u> | Listing Number | | 14.239 | Home Investment Partnership Program | |
| <u>Federal Assistance</u> | <u>Federal Program</u> | | | | | | |
| Listing Number | | | | | | | |
| 14.239 | Home Investment Partnership Program | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 | | | | | | |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | No | | | | | | |

Tangi Community Development
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

B. Findings – Financial Statement Audit

2022-001 Preparation of Financial Statements

Condition:

Internally prepared interim and year end financial statements are not prepared in accordance with generally accepted accounting principles.

Criteria:

Financial statements should be prepared in accordance with generally accepted accounting principles.

Effect:

Internal financial statements for use by management and board do not reflect the financial position of Tangi Development Corporation in accordance with generally accepted accounting principles.

Cause:

Entries necessary for financial statements to be presented in accordance with generally accepted accounting principles are not being posted. Specifically, entries related to the following items are not being recorded correctly: receivables, inventory, notes payable, and grants.

Recommendation:

Tangi Community Development should prepare the entries necessary for compliance with generally accepted accounting principles.

Response:

See Management's Corrective Action Plan for their response.

Tangi Community Development
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

2022-002 Legislative Auditor Submission

Condition:

Report was not submitted to the Legislative Auditor until August 2023.

Criteria:

Reports are required to be submitted six months after year end.

Effect:

Non-compliance with Louisiana state law.

Cause:

First year the organization has been audited and was not aware of the type of information that would be required for the audit. Therefore, it took longer than expected to complete the audit.

Recommendation:

Develop a filing system that will be conducive to pulling information required during the audit.

Response:

See Management's Corrective Action Plan for their response.

C. Findings – Federal Awards Program Audit

No findings

Tangi Community Development
Management's Corrective Action Plan
For the Year Ended December 31, 2022

2022-001 Preparation of Financial Statements

Condition:

Internally prepared interim and year end financial statements are not prepared in accordance with generally accepted accounting principles.

Response:

Management is continually striving to improve Tangi Community Development's processes and systems of control in order to ensure that the necessary entries are completed during the preparation of the financial statements in compliance with generally accepted accounting principles.

Implementation Date:

August 23, 2023

Contact:

Kotrina Bryant, Executive Director, (985) 247-2888

2022-002 Legislative Auditor Submission

Condition:

Report was not submitted to the Legislative Auditor until August 2023.

Response:

A non-emergency extension was granted by the Legislative Auditor for the December 31, 2022 audit. Files will now be stored in such a way that they can be easily retrieved for the auditor.

Implementation Date:

August 23, 2023

Contact:

Kotrina Bryant, Executive Director, (985) 247-2888

Tangi Community Development
Summary of Prior Year Audit Findings
For the Year Ended December 31, 2022

Not applicable, no prior year audit findings.



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Tangi Community Development and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Tangi Community Development (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- a. Budgeting, including

- i. preparing,

Policy is not present in the written policies and procedures manual.

- ii. adopting,

Policy is not present in the written policies and procedures manual.

iii. monitoring, and

Policy is not present in the written policies and procedures manual.

iv. amending the budget.

Policy is not present in the written policies and procedures manual.

b. Purchasing, including

i. how purchases are initiated;

Policy is present in the written policies and procedures manual.

ii. how vendors are added to the vendor list;

Policy is present in the written policies and procedures manual.

iii. the preparation and approval process of purchase requisitions and purchase orders;

Policy is present in the written policies and procedures manual.

iv. controls to ensure compliance with the public bid law; and

Policy is present in the written policies and procedures manual.

v. documentation required to be maintained for all bids and price quotes.

Policy is present in the written policies and procedures manual.

c. Disbursements, including

i. processing,

Policy is present in the written policies and procedures manual.

ii. reviewing, and

Policy is present in the written policies and procedures manual.

iii. approving

Policy is present in the written policies and procedures manual.

d. Receipts/Collections, including

i. receiving,

Policy is present in the written policies and procedures manual.

ii. recording, and

Policy is present in the written policies and procedures manual.

iii. preparing deposits

Policy is present in the written policies and procedures manual.

iv. 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.

Policy is present in the written policies and procedures manual.

e. Payroll/Personnel, including

i. payroll processing, and

Policy is present in the written policies and procedures manual.

ii. reviewing and approving time and attendance records, including leave and overtime worked.

Policy is present in the written policies and procedures manual.

iii. Approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Policy is present in the written policies and procedures manual.

f. Contracting, including

i. types of services requiring written contracts,

Policy is present in the written policies and procedures manual.

- ii. standard terms and conditions,

Policy is present in the written policies and procedures manual.

- iii. legal review,

Policy is present in the written policies and procedures manual.

- iv. approval process, and

Policy is present in the written policies and procedures manual.

- v. monitoring process

Policy is present in the written policies and procedures manual.

- g. Travel and expense reimbursement, including

- i. allowable expenses,

Policy is present in the written policies and procedures manual.

- ii. dollar thresholds by category of expense,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements, and

Policy is present in the written policies and procedures manual.

- iv. required approvers.

Policy is present in the written policies and procedures manual.

- h. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including

- i. how cards are to be controlled,

Policy is present in the written policies and procedures manual.

- ii. allowable business uses,

Policy is present in the written policies and procedures manual.

- iii. documentation requirements,

Policy is present in the written policies and procedures manual.

- iv. required approvers of statements, and

Policy is present in the written policies and procedures manual.

- v. monitoring card usage.

Policy is present in the written policies and procedures manual.

- i. Ethics, including

- i. the prohibitions as defined in Louisiana Revised Statute 42:1111-1121,

Not applicable.

- ii. actions to be taken if an ethics violation takes place,

Not applicable.

- iii. system to monitor possible ethics violations, and

Not applicable.

- iv. requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not applicable.

- j. Debt Service, including

- i. debt issuance approval,

Not applicable.

- ii. continuing disclosure/EMMA reporting requirements,

Not applicable.

- iii. debt reserve requirements, and

Not applicable.

- iv. debt service requirements.

Not applicable.

- k. Information Technology Disaster Recovery/Business Continuity, including

- i. identification of critical data and frequency of data backups,

Policy is not present in the written policies and procedures manual.

- ii. storage of backups in a separate physical location isolated from the network,

Policy is not present in the written policies and procedures manual.

- iii. periodic testing/verification that backups can be restored,

Policy is not present in the written policies and procedures manual.

- iv. use of antivirus software on all systems,

Policy is not present in the written policies and procedures manual.

- v. Timely application of all available system and software patches/updates, and

Policy is not present in the written policies and procedures manual.

- vi. Identification of personnel, processes, and tools needed to recover operations after a critical event.

Policy is not present in the written policies and procedures manual.

- l. Sexual Harassment, including R.S. 42:342-344 requirements for

- i. agency responsibilities and prohibitions,

Policy is present in the written policies and procedures manual.

- ii. annual employee training,

Policy is not present in the written policies and procedures manual.

- iii. annual reporting.

Policy is not present in the written policies and procedures manual.

Management's Response to Section Findings: Exceptions noted in #1(a), #1(k) and #1(l). Missing policies will be reviewed and discussed for addition to the policies and procedures manual.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The board met with a quorum monthly.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on all special revenue funds. Alternatively for those entities reporting on the nonprofit 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.

Board meetings include discussions of financial data.

- c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable.

- d. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable, no prior year findings.

Management's Response to Section Findings: No findings

Bank Reconciliations

3. Obtain a listing of client 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:

List was obtained, and client represented that it was complete.

- a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

All reconciliations were not prepared within 2 months of related statement closing date.

- b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation; and

The bank reconciliations do not include evidence that a person who is not involved in the cash receipts or cash disbursements process has reviewed the reconciliation.

- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Management has no documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's Response to Section Findings: Exception noted in #3(a), #3(b) and #3(c). Management is striving to perform reconciliations in a timelier manner. Management will review procedures to determine how best to overcome exceptions noted in b and c.

Collections

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

List was obtained, and client represented that it was complete.

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

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

No cash drawers are used.

- b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

Employee responsible for collecting cash is responsible for preparing, making bank deposits.

- c. Each employee responsible for collecting cash is not 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.

Employee responsible for collecting cash is responsible for posting collection entries.

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

Employees responsible for reconciling cash collections to general ledger are responsible for collecting cash.

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

No bond or insurance policy for theft covering all employees.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily

revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

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

The receipts were not sequentially pre-numbered, but client has controls in place.

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

Not applicable as the receipts were not sequentially pre-numbered.

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

For all deposits tested, the total deposit slip equaled the total deposit per the bank statement.

- d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

For all deposits tested, deposit was made within 1 business day.

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

For all deposits tested, the deposit per bank statement equaled the deposit per the general ledger.

Management's Response to Section Findings: Exceptions noted in #5, #6 and #7 are not able to be overcome with the size of the organization.

Non-Payroll Disbursements

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

A list was obtained. Client represented that it was complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b. At least two employees are involved in processing and approving payments to vendors.

Two employees are involved in processing and approving payments to vendors.

- c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Employee responsible for processing payments does add and/or modify vendor files, and no other employee is responsible for periodically reviewing changes to vendor files.

- d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Official responsible for signing checks does not mail the payment or give the signed check to an individual to mail who is not responsible for processing payments.

- e. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Only authorized employees approve electronic disbursements.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

The disbursements tested matched the related original invoice/billing statement.

- b. Observe whether the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

The disbursements tested included evidence of segregation of duties.

11. Using the entity's main operating account and the month selected under #8, 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

Disbursement was approved by authorized person.

- b. Approved by the required number of authorized signers per the entity's policy.

Disbursement was approved by required number of authorized signers.

Management's Response to Section Findings: No findings.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

Client does not utilize any type of credit or debit card.

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

- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

Client does not utilize any type of credit or debit card.

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

Client does not utilize any type of credit or debit card.

14. Using the monthly statements or combined statements selected under #12 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. For each transaction, observe that it is supported by
- a. an original itemized receipt that identifies precisely what was purchased,
Client does not utilize any type of credit or debit card.
 - b. written documentation of the business/public purpose, and
Client does not utilize any type of credit or debit card.
 - c. documentation of the individuals participating in meals (for meal charges only).
Client does not utilize any type of credit or debit card.

Management's Response to Section Findings: No findings

Travel and Travel-Related Expense Reimbursements

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

A list was obtained. Client represented that it was complete.

- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- State established reimbursement rates were used.*
- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- Original itemized receipts are present for all reimbursements for actual cost.*

- c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

All reimbursements are supported by documentation of business purpose.

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

All reimbursements were approved.

Management's Response to Section Findings: No findings

Contracts

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

A list was obtained. Client represented that it was complete.

- a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No contracts were subject to the Louisiana Bid Law.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law.

No contracts required approval by governing board.

- c. If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

No contracts were amended.

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

All transactions tested had supporting invoice and agreed to terms of the contract.

Management's Response to Section Findings: No findings

Payroll and Personnel

17. 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.

A list was obtained. Client represented that it was complete.

18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a. Observe that all selected employees/officials documented their daily attendance and leave.

Daily attendance was documented.

- b. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

Attendance was approved.

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

No personal time off is given to employees.

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

Rate of pay is in personnel file.

19. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination

payments. Agree hours to the employee or officials' cumulative leave record, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No termination payments were made during the year.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

Representation that payments and forms have been filed and paid by required deadlines.

Management's Response to Section Findings: No findings.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable.

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

Not applicable

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

Not applicable.

Management's Response to Section Findings: No findings.

Debt Service

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

Not applicable.

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

Not applicable.

Management's Response to Section Findings: No findings

Fraud Notice

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

No misappropriation of public funds in the current year.

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

Entity does not have notice posted.

Management's Response to Section Findings: Exception noted in #26. Management will post the required notice.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures,

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical

data) and observe that such backup occurred within the past week. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Management's Response to Section Findings: No findings.

Prevention of Sexual Harassment

- 27. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Sexual harassment training was not documented for the year.

- 28. Observe 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).

Client has sexual harassment policy posted.

- 29. 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 it includes the applicable requirements of R.S. 42:344:

Report was not created.

- a) Number and percentage of public servants in the agency who have completed the training requirements;

No report

- b) Number of sexual harassment complaints received by the agency;

No report

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

No report

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No report

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

No report

Management's Response to Section Findings: Exceptions noted in #27 and #29. Management will begin to hold sexual harassment training and create required report.

We were 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. 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.

The purpose of this report is 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.



KnightMasden
Alexandria, Louisiana
August 23, 2023



KnightMasden

A Professional Accounting Corporation