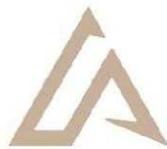


O'BRIEN HOUSE
BATON ROUGE, LOUISIANA
DECEMBER 31, 2021



L.A. CHAMPAGNE & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
O'Brien House

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of O'Brien House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of O'Brien House as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 O'Brien House 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 of our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise

substantial doubt about O'Brien House's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of 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 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 consolidated 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 consolidated 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 O'Brien House'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 O'Brien House'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 opinions on the consolidated financial statements as a whole. The schedule of compensation, benefits, and other payments to Agency heads on page 24 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of O'Brien House'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 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 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 O'Brien House's internal control over financial reporting and compliance.

S. A. Champagne & Co, LLP

June 30, 2022
Baton Rouge, Louisiana

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Years Ended December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 286,212	\$ 217,387
Receivables:		
Grants receivable	117,977	204,254
Program services receivable	4,193	4,145
	122,170	208,399
Prepaid expenses	68,361	60,151
Total current assets	476,743	485,937
PROPERTY AND EQUIPMENT (NET)	1,536,929	1,578,166
OTHER ASSETS		
Receivable from affiliate	134,012	115,940
Loans receivable from affiliate	1,111,984	1,027,237
	1,245,996	1,143,177
Total assets	\$ 3,259,668	\$ 3,207,280

Continued

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Short-term loan obligations	\$ 51,866	\$ 48,981
Current portion of long term debt	54,898	63,547
Accounts payable	123,874	113,699
Payroll withholding payable	2,887	6,579
Accrued salaries	20,192	58,282
Accrued compensated absences	27,721	30,211
Client deposits	5,776	5,776
Total current liabilities	<u>287,214</u>	<u>327,075</u>
LONG-TERM LIABILITIES		
Long term debt, net of current maturities	<u>533,059</u>	<u>552,946</u>
NET ASSETS		
Without donor restrictions	2,301,302	2,169,126
With donor restrictions	138,093	158,133
	<u>2,439,395</u>	<u>2,327,259</u>
 Total liabilities and net assets	 <u>\$ 3,259,668</u>	 <u>\$ 3,207,280</u>

See accompanying notes to financial statements

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Federal contracts and grants	\$ 79,339	\$ -	\$ 79,339	\$ 146,832	\$ -	\$ 146,832
United Way allocation	60,000	-	60,000	109,198	-	109,198
Grants	70,590	5,000	75,590	88,103	-	88,103
Contributions	43,819	-	43,819	55,549	-	55,549
Non-cash contributions	260,645	-	260,645	297,204	-	297,204
Program services and rent	1,166,249	-	1,166,249	1,060,573	-	1,060,573
Special events	42,033	-	42,033	59,282	-	59,282
Interest income	84,747	-	84,747	78,288	-	78,288
Fee from affiliate	18,072	-	18,072	18,619	-	18,619
Other income	409,618	-	409,618	209,964	-	209,964
	<u>2,235,112</u>	<u>5,000</u>	<u>2,240,112</u>	<u>2,123,612</u>	<u>-</u>	<u>2,123,612</u>
Net assets released from restrictions:						
Satisfaction of time and purpose restrictions	25,040	(25,040)	-	67,294	(67,294)	-
	<u>2,260,152</u>	<u>(20,040)</u>	<u>2,240,112</u>	<u>2,190,906</u>	<u>(67,294)</u>	<u>2,123,612</u>
EXPENSES						
Program expenses	1,939,889	-	1,939,889	1,998,510	-	1,998,510
Management and general expenses	171,654	-	171,654	162,784	-	162,784
Fundraising expenses	16,433	-	16,433	16,891	-	16,891
	<u>2,127,976</u>	<u>-</u>	<u>2,127,976</u>	<u>2,178,185</u>	<u>-</u>	<u>2,178,185</u>
Increase (decrease) in net assets	132,176	(20,040)	112,136	12,721	(67,294)	(54,573)
Net assets - beginning of year	2,169,126	158,133	2,327,259	2,156,405	225,427	2,381,832
Net assets - end of year	<u>\$ 2,301,302</u>	<u>\$ 138,093</u>	<u>\$ 2,439,395</u>	<u>\$ 2,169,126</u>	<u>\$ 158,133</u>	<u>\$ 2,327,259</u>

See accompanying notes to financial statements

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 112,136	\$ (54,573)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	72,192	71,699
Bad debt expense	35,062	22,517
Amortization of imputed interest on loans payable	25,040	27,294
Amortization of discount on loans receivable	(54,002)	(48,931)
Increase in accrued interest on loans receivable	(30,745)	(29,357)
Decrease in receivables	51,167	125,618
Increase in receivable from affiliate	(18,072)	(18,619)
Increase in prepaid expense	(8,210)	(209)
(Decrease) increase in accounts payable	10,175	(90)
Decrease in payroll withholding payable	(3,692)	(1,619)
Increase (decrease) in accrued salaries	(38,090)	7,970
Decrease in accrued compensated absences	(2,490)	(6,308)
Net cash provided by operating activities	150,471	95,392
 CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment and furnishings acquired	(30,955)	(40,440)
Net cash used in investing activities	(30,955)	(40,440)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal advances on short-term debt	87,288	48,980
Principal payments on short-term debt	(84,403)	(37,595)
Principal advances on long-term debt	-	150,000
Principal payments on long-term debt	(53,576)	(64,502)
Net cash (used in) provided by financing activities	(50,691)	96,883
 NET INCREASE IN CASH	68,825	151,835
Cash and cash equivalents - beginning of year	217,387	65,552
Cash and cash equivalents - end of year	\$ 286,212	\$ 217,387

See accompanying notes to financial statements

O'BRIEN HOUSE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and contract labor	\$ 959,629	\$ 93,718	\$ 15,200	\$ 1,068,547	\$ 975,055	\$ 93,718	\$ 15,241	\$ 1,084,014
Payroll taxes	72,215	7,222	802	80,239	70,395	7,040	782	78,217
Employee benefits	17,582	1,758	195	19,535	25,120	2,512	279	27,911
Food and beverage	321,138	-	-	321,138	362,943	-	-	362,943
Occupancy	139,970	15,552	-	155,522	128,321	14,258	-	142,579
Insurance	84,926	9,436	-	94,362	84,479	9,387	-	93,866
Tax and licenses	715	79	-	794	704	78	-	782
Bad debts	35,062	-	-	35,062	22,517	-	-	22,517
Supplies	37,439	4,160	-	41,599	17,163	1,907	-	19,070
Interest	22,887	2,543	-	25,430	25,603	2,845	-	28,448
Information technology and website	10,284	1,143	-	11,427	11,909	1,323	-	13,232
Accounting and audit	26,262	2,918	-	29,180	27,171	3,019	-	30,190
Vehicle	9,866	1,096	-	10,962	2,714	302	-	3,016
Drug testing supplies	2,814	313	-	3,127	3,256	362	-	3,618
Special events	-	-	236	236	-	-	589	589
Equipment lease and maintenance	6,307	701	-	7,008	6,789	754	-	7,543
Client assistance	-	9,594	-	9,594	6,878	-	-	6,878
Telephone	911	101	-	1,012	895	100	-	995
Dues and memberships	2,010	223	-	2,233	5,665	630	-	6,295
Miscellaneous	68,886	7,654	-	76,540	89,674	9,964	-	99,638
Bank charges	45	5	-	50	-	-	-	-
Mileage	182	20	-	202	130	14	-	144
Pest control	4,725	525	-	5,250	3,833	426	-	4,259
Postage	237	26	-	263	806	90	-	896
Other	50,824	5,648	-	56,472	61,961	6,885	-	68,846
Depreciation	64,973	7,219	-	72,192	64,529	7,170	-	71,699
Total expenses	<u>\$ 1,939,889</u>	<u>\$ 171,654</u>	<u>\$ 16,433</u>	<u>\$ 2,127,976</u>	<u>\$ 1,998,510</u>	<u>\$ 162,784</u>	<u>\$ 16,891</u>	<u>\$ 2,178,185</u>

See accompanying notes to financial statements

O'BRIEN HOUSE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

O'Brien House (the "Organization") is a Louisiana non-profit corporation whose mission is to contribute to a sustained reduction in the use and abuse of alcohol and other chemicals proven to be hazardous to human health and detrimental to community well-being. The Organization was established in August, 1971. Its facilities are located near downtown Baton Rouge.

In 2006, O'Brien House Management, Inc., a corporation, was organized for the purpose of being the managing member of O'Brien House, SRO, LLC. The Organization is its sole shareholder.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

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

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

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

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements include the accounts of O'Brien House, and O'Brien House Management, Inc. All intercompany accounts and transactions have been eliminated.

Contributions and grants

Contributions received, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports cash gifts, grants and contributions of other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or grants, or if they are designated as support for future periods.

When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Sources of revenue

The Organization received federal grants, passed through the State of Louisiana, Parish of East Baton Rouge and City of Baton Rouge for the purpose of providing supportive housing programs. They also received grants for the purpose of providing treatment to individuals for substance abuse disorders.

The Organization is also a participating agency of and receives a portion of its annual funding from the Capital Area United Way. Other principal sources of revenues are private grants, contributions from its annual appeal, special events, donations and client service fees.

Donated personal services

The value of donated personal services provided has not been recorded in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs and various committee activities.

Donated food and supplies

Food and supplies donated to the Organization are recorded at fair market value on the date received and are included in non-cash contributions and charged out as appropriate to various expenses. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

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

Cash flow statement

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents. Cash paid for interest was \$72 and \$967 for 2021 and 2020, respectively.

Accounts receivable

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. Subsequent collections are reported in other income. In this case, the resulting charge to bad debt expense does not differ significantly from that expensed under the allowance method prescribed by generally accepted accounting principles.

Prepaid expenses

Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid.

Property and equipment

Acquisitions of property and equipment are capitalized and are stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	20 - 40 yrs
Equipment	5 - 10 yrs
Furniture	7 yrs
Vehicles	5 yrs

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Fair value – loan receivables and payables

Certain loan receivables and payables with a stated interest rate that is less than its market rate are carried at their approximate fair value. The fair value is based on the Wall Street Journal prime rate in effect at inception, for the loans with no scheduled payments. For the loans with a fixed payment schedule, the fair value is based on the estimated borrowing rate in effect at the time the loans are fully funded.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax status

The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation under IRC 170(b)(1)(A)(vi). Accordingly, no provision for income taxes has been included in the financial statements.

The Organization accounts for income taxes in accordance with the income tax accounting guidance included in the FASB ASC. Under this guidance, the Organization may recognize the tax effects from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by tax authorities. The Organization has evaluated its tax positions regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions.

The Organization files a United States return of organization exempt from income tax. The Organization is also subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management, and fundraising based upon estimates of staff time devoted to these functions or other appropriate allocation bases.

Revenue recognition

Federal contracts and grants, program services, and fees from affiliate are recognized as revenue when performance obligations under the terms of the contracts with customers are satisfied. To accomplish this, the Organization applies the following five-step process to achieve this core principle:

- Identification of the contract with the member;
- Identification of the performance obligations under the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the identified performance obligations; and
- Recognition of revenue when (or as) an entity satisfies the identified performance obligations.

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

B: ECONOMIC DEPENDENCY

The Organization receives the majority of its funds provided through government grants and contracts. If significant budget cuts are made at the federal or state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

Significant among those grants and contracts are the following, reflecting their percent of total revenues provided in 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Medicaid	45%	46%
Department of Health and Human Services	4%	7%

C: CONCENTRATION OF CREDIT RISK

Included in receivables are amounts due from the federal government and the State of Louisiana. The majority of the other receivables are service fees due from local clients. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the strength of the local economy and the availability of federal and state governmental funding for grant programs.

The Organization maintains deposits in a local financial institution with balances at times that may exceed the \$250,000 federal insurance provided by the Federal Deposit Insurance Corporation.

D: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation:

	<u>2021</u>	<u>2020</u>
Land	\$ 131,000	\$ 131,000
Buildings	2,026,702	1,995,746
Vehicles	43,813	43,813
Equipment	127,329	127,329
Furniture	99,832	99,832
	<u>2,428,676</u>	<u>2,397,720</u>
Less accumulated depreciation	(891,747)	(819,554)
	<u>\$ 1,536,929</u>	<u>\$ 1,578,166</u>

Depreciation expense for 2021 and 2020 was \$72,192 and \$71,699, respectively.

E: RESTRICTIONS OF NET ASSETS

Net assets with donor restrictions at December 31, 2021 and 2020, consist of the unamortized portion of imputed interest on below market rate loans in the amount of \$133,093 and \$158,133, respectively. This imputed interest was previously recorded as contributions with donor restrictions. Amounts are released from restriction as the imputed interest is expensed over the terms of the loans.

The Organization also received grant funds with donor restrictions that have not yet been released from restriction as of December 31, 2021 from the Irene Pennington Foundation in the amount of \$5,000.

Net assets were released from restrictions by incurring expenses satisfying the time and purpose of restrictions as follows:

	<u>2021</u>	<u>2020</u>
Purpose restriction accomplished:		
Imputed interest	\$ 25,040	\$ 27,294
Wilson Foundation	-	40,000
Total restrictions released	<u>\$ 25,040</u>	<u>\$ 67,294</u>

F: SHORT-TERM LOAN OBLIGATIONS

Short-term loan obligations at December 31, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Non interest bearing loan, payable in monthly installments of \$6,182 (2021) and \$5,824 (2020), secured by unexpired insurance premiums.	\$ 51,866	\$ 48,981
	<u>\$ 51,866</u>	<u>\$ 48,981</u>

G: CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

H: LONG-TERM DEBT

Long-term debt at December 31, 2021 and 2020 consisted of the following:

	2021		
	<u>Gross Balance</u>	<u>Discount</u>	<u>Net</u>
CDBG loan at 0% (imputed interest rate of 6%) payable in annual installments of \$20,850, commencing January, 2012. Effective July, 2014 payable in monthly installments of \$1,737.	\$ 219,026	\$ 53,801	\$ 165,225
Home program loan at 0% (imputed interest rate of 6%) payable in monthly installments of \$2,004, commencing January, 2012.	252,024	66,107	185,917
CDBG loan at 0% (imputed interest rate of 6%) payable in quarterly installments of \$2,500, commencing September, 2022.	100,000	13,185	86,815
SBA - EIDL term loan at 2.75% interest payable in 360 monthly installments of \$641, commencing February 2023	150,000	-	150,000
	<u>\$ 721,050</u>	<u>\$ 133,093</u>	587,957
Less current portion			<u>54,898</u>
Long-term portion			<u>\$ 533,059</u>

H: LONG-TERM DEBT (Continued)

	2020		
	<u>Gross Balance</u>	<u>Discount</u>	<u>Net</u>
Mortgage loan at 0% (imputed interest rate of 6.75%) payable in monthly installments of \$792, commencing July, 2001.	\$ 6,016	\$ 92	\$ 5,924
CDBG loan at 0% (imputed interest rate of 6%) payable in annual installments of \$20,850, commencing January, 2012. Effective July, 2014 payable in monthly installments of \$1,737.	239,876	63,472	176,404
Home program loan at 0% (imputed interest rate of 6%) payable in monthly installments of \$2,004, commencing January, 2012.	276,074	77,735	198,339
CDBG loan at 0% (imputed interest rate of 6%) payable in quarterly installments of \$2,500, commencing September, 2022.	100,000	16,834	83,166
Capital One term loan at 7.5% interest payable in 60 monthly installments of \$890, commencing April 2016.	2,660	-	2,660
SBA - EIDL term loan at 2.75% interest payable in 360 monthly installments of \$641, commencing February 2023	150,000	-	150,000
	<u>\$ 774,626</u>	<u>\$ 158,133</u>	616,493
Less current portion			<u>63,547</u>
Long-term portion			<u>\$ 552,946</u>

H: LONG-TERM DEBT (Continued)

Scheduled principal reductions for the next five year and thereafter are as follows:

2022	\$ 31,759
2023	37,091
2024	39,219
2025	41,472
2026	43,857
Thereafter	<u>394,559</u>
	<u>\$ 587,957</u>

Interest expense on all loan obligations for the year ended December 31, 2021 and 2020 was \$25,040 and \$28,448, respectively.

In 2001 a rehabilitation loan with the City of Baton Rouge-Parish of East Baton Rouge was converted into a mortgage loan with payments of \$792 per month. The original face value of the note was \$190,000, with a term of 20 years and a stated interest rate of zero percent (0%). This note is reported in the accompanying financial statements at its fair value of \$5,924 and \$14,782, for 2020 and 2019, respectively, using an imputed rate of 6.75%.

From 2004 to 2010, the City-Parish of East Baton Rouge advanced funds totaling \$996,762 under three separate programs for the construction of facilities. The notes are to be repaid at 0% interest with terms from 40 to 240 months. The notes were discounted using an imputed rate of 6%. The original discount for these loans in the amount of \$475,415, was recognized as a contribution with donor restrictions in 2010.

In 2020 an emergency impact disaster loan (EIDL) from the Small Business Administration was granted totaling \$150,000 at a stated fixed interest rate of 2.75% for 30 years with payments of \$641 per month.

I: LEASE COMMITMENTS

The Organization leases certain office equipment under an agreement classified as operating lease. The lease requires total monthly payments of \$130 and will expire in 2023. Lease expense for 2021 and 2020 was \$1,560 and \$1,560, respectively. The future minimum lease payments required under the operating lease is as follows:

Years Ending December 31,	
2022	\$ 1,560
2023	<u>1,040</u>
	<u>\$ 2,600</u>

The Organization also rents equipment on a periodic basis as needed.

J: RELATED PARTY TRANSACTIONS

The Organization is the sole shareholder of O'Brien House Management, Inc., which owns .01 % and is the managing member of O'Brien House SRO. L.L.C. (the SRO).

In prior years, the Organization loaned \$900,000 to the SRO for the purpose of constructing residential facilities. The loans were made at 4.73% on \$400,000 and 0% on \$500,000. No repayment is required as long as the facilities are used in compliance with the operating agreement, unless the SRO makes a profit. On December 31, 2022 the Organization shall have the right to purchase the residential facilities for the outstanding balance of the note.

The loans at December 31, 2021 and 2020 are as follows:

	Loan A	Loan B	Total
Loan amount	\$ 400,000	\$ 500,000	\$ 900,000
Amortized discount	(30,658)	(38,108)	(68,766)
Accrued interest	280,750	-	280,750
Payments applied	-	-	-
Present Value - December 31, 2021	<u>\$ 650,092</u>	<u>\$ 461,892</u>	<u>\$ 1,111,984</u>

Loan amount	\$ 400,000	\$ 500,000	\$ 900,000
Amortized discount	(49,458)	(73,310)	(122,768)
Accrued interest	250,005	-	250,005
Payments applied	-	-	-
Present Value - December 31, 2020	<u>\$ 600,547</u>	<u>\$ 426,690</u>	<u>\$ 1,027,237</u>

Discount amortized in 2021 and 2020 amounts to \$84,747 and \$78,288, respectively, and is included in interest income.

Under provisions of the SRO's Amended and Restated Operating Agreement, the SRO shall pay to O'Brien House Management, Inc. a management fee in the initial amount of \$5,500, cumulative out of available cash flows, to compensate the managing member for managing the SRO's operations and assets and coordinating preparation and filing of reports and returns with the Louisiana Housing Finance Agency, various tax authorities and others. The Company Management Fee increases by 3% each year.

For the year ended December 31, 2021 and 2020, the fee amounted to \$9,092 and \$10,201 respectively. At December 31, 2021 and 2020, O'Brien House Management, Inc. was owed a total of \$134,012 and \$115,940, respectively, in accumulated management fees and utility reimbursements.

K: FAIR VALUE MEASUREMENTS

Fair value guidance in the *Fair Value Measurements and Disclosures* topic of the FASB ASC requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Fair value measurements are reported in a fair value hierarchy which is determined by the lowest level input that is significant to the fair value measurement in its entirety. The hierarchy is separated into three levels, which are:

Level 1 – inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2 – inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Organization's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine

K: FAIR VALUE MEASUREMENTS (Continued)

the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Below market rate loans receivable

These loans are reported at fair value utilizing Level 3 inputs. Fair value measurements are calculated using discounted cash flows.

Below market rate loans payable

These loans are reported at fair value utilizing Level 3 inputs. Fair value measurements are calculated using discounted cash flows.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2021 and 2020, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2021</u>				
Below market rate loans receivable	\$ 1,111,984	\$ -	\$ -	\$ 1,111,984
<u>December 31, 2020</u>				
Below market rate loans receivable	\$ 1,027,237	\$ -	\$ -	\$ 1,027,237
<u>December 31, 2021</u>				
Below market rate loans payable	\$ 437,957	\$ -	\$ -	\$ 437,957
<u>December 31, 2020</u>				
Below market rate loans payable	\$ 463,833	\$ -	\$ -	\$ 463,833

K: FAIR VALUE MEASUREMENTS (Continued)

The table below presents the changes in fair value for the year ended December 31, 2021 and 2020, in Level 3 instruments that are measured at fair value on a recurring basis.

	Loans Receivable	Loans Payable
Balance at December 31, 2019	\$ 948,949	\$ 490,939
Principal reductions	-	(54,400)
Amortized interest	-	27,294
Accrued interest	29,357	-
Amortized discount	48,931	-
Balance at December 31, 2020	\$ 1,027,237	\$ 463,833
Principal reductions	-	(50,916)
Amortized interest	-	25,040
Accrued interest	30,745	-
Amortized discount	54,002	-
Balance at December 31, 2021	<u>\$ 1,111,984</u>	<u>\$ 437,957</u>

L: NON-CASH CONTRIBUTIONS

During the years ended December 31, 2021 and 2020, the Organization received the following non-cash contributions that have been reflected as such in the accompanying statement of activities. The corresponding expenses are included in the Schedule of Functional Expenses in the appropriate categories:

	2021	2020
Food	\$ 237,625	\$ 297,204
Household items	23,020	-
Total in kind contributions	<u>\$ 260,645</u>	<u>\$ 297,204</u>

M: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in 2021 and 2020.

N: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue related to federal contracts and grants, program services, and fees from affiliate is recognized at a point in time when the Organization meets its performance obligations under the respective grants and program services. As of December 31, 2021 and 2020, there are no performance obligations to be satisfied. Grant contracts and program service are billed monthly and payment is due upon presentation.

Disaggregated Revenue

The Organization disaggregates revenue from contracts with customers into major revenue streams and based on the timing of recognized revenue. The Organization's revenue disaggregated based on timing of the transfer of goods or services is as follows as of December 31, 2021 and 2020:

Recognized at a point in time:

	2021	2020
Federal contracts and grants	\$ 79,339	\$ 146,832
Program services	1,163,041	1,057,889
Fee from affiliate	18,072	18,619

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets, receivables, and contract liabilities. The Organization's receivables related to contracts with customers amounted to \$122,170 as of December 31, 2021 and \$208,399 in 2020.

O: LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, 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.

	2021	2020
Cash	\$ 286,212	\$ 217,387
Grants receivable	117,977	204,254
Program services receivable	4,193	4,145
Less donor imposed restrictions	(5,000)	-
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 403,382</u>	<u>\$ 425,786</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

P: SUBSEQUENT EVENTS

A novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employee and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Subsequent events were evaluated through June 30, 2022, which is the date the financial statements were available to be issued.

Q: PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2021, the Organization received \$202,605 in funds from the Paycheck Protection Program (PPP) under the CARES Act and is reported as other income on the consolidated statement of activities. The PPP provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest was forgiven on October 21, 2021.

SUPPLEMENTAL INFORMATION

O'BRIEN HOUSE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AN AGENCY HEAD
December 31, 2021

Agency Head Name:	Todd Hamilton Executive Director
<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,028

Kimberly G. Sanders, CPA, MBA
Neal Fortenberry, CPA
Wayne Dussel, CPA, CFE
Jonathan Clark, CPA



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Serving the Greater Baton Rouge
Area for Over 100 Years

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

The Board of Directors
O'Brien House

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 consolidated financial statements of O'Brien House and its subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered O'Brien House's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of O'Brien House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of O'Brien House's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether O'Brien House's consolidated financial statements are free of 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 determination of consolidated financial statement amounts. 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 instance of noncompliance or other matter 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 O'Brien House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering O'Brien House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

S. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 30, 2022

O'BRIEN HOUSE
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021

A:***SUMMARY OF AUDIT RESULTS***

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of O'Brien House.

2. No significant deficiency or material weaknesses in internal controls, relating to the audit of the consolidated financial statements are included in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."

3. No instance of noncompliance material to the financial statements of O'Brien House was disclosed during the audit.

4. A management letter was not issued.

B:***FINDINGS - FINANCIAL STATEMENTS AUDIT***

None

O'BRIEN HOUSE
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS
Year Ended December 31, 2021

None noted

O'BRIEN HOUSE

BATON ROUGE, LOUISIANA

DECEMBER 31, 2021

STATEWIDE AGREED UPON PROCEDURES



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of O'Brien House and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. O'Brien House's management is responsible for those C/C areas identified in the SAUPs.

O'Brien House has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and do address the functions noted above.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and do address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained and do address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-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).

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

O'Brien House is a non-profit and this step is not applicable.

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

O'Brien House is a non-profit and this step is not applicable.

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

Written policies and procedures were obtained and do address the functions noted above.

- 1) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

O'Brien House is a non-profit and this step is not applicable.

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.

No exceptions were found as a result of applying the procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, 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.*

No exceptions were found as a result of applying the procedure.

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

O'Brien House is a non-profit and this step is not applicable.

Bank Reconciliations

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

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

No exceptions were found as a result of applying the procedure.

- 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 (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

Collections (excluding electronic funds transfers)

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

No exceptions were found as a result of applying the procedure.

- 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 (i.e., 5 collection locations for 5 deposit sites), 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 responsible for cash collections do not share cash drawers/registers.

No exceptions were found as a result of applying the procedure.

- 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 (e.g., pre-numbered receipts) to the deposit.

No exceptions were found as a result of applying the procedure.

- 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.

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

- 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 enforced during the fiscal period.

No exceptions were found as a result of applying the procedure.

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.
No exceptions were found as a result of applying the procedure.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions were found as a result of applying the procedure.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were found as a result of applying the procedure.
 - d) Observe 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 exceptions were found as a result of applying the procedure.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions were found as a result of applying the procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Management provided a listing of locations that processes payments for the fiscal period and a representation that the listing is 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.
No exceptions were found as a result of applying the procedure.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- 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.

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. 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.

Management provided a list of all active credit cards for the fiscal period and representation that the list was complete.

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

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

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

13. 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of applying the procedure.

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

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

- a) If reimbursed using a per diem, observe 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).

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
No exceptions were found as a result of applying the procedure.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
No exceptions were found as a result of applying the procedure.
 - c) If the contract was amended (e.g., change order), observe 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, was approval documented).
No exceptions were found as a result of applying the procedure.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.
No exceptions were found as a result of applying the procedure.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
No exceptions were found as a result of applying the procedure.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
No exceptions were found as a result of applying the procedure.
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

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

No exceptions were found as a result of applying the procedure.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, 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 exceptions were found as a result of applying the procedure.

- 19. 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.

No exceptions were found as a result of applying the procedure.

Ethics

- 20. 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.

O'Brien House is a non-profit and this step is not applicable.

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

O'Brien House is a non-profit and this step is not applicable.

Debt Service

- 21. 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 State Bond Commission approval was obtained for each debt instrument issued.

O'Brien House is a non-profit and this step is not applicable.

22. 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).

O'Brien House is a non-profit and this step is not applicable.

Fraud Notice

23. 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.

Management has asserted that the entity did not have any misappropriations of public funds or assets during the reporting period.

24. Observe 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.

Required notices are posted on the entity's premises and website.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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 (e.g., tapes, CDs), 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.

Sexual Harassment

26. 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.

O’Brien House is a non-profit and this step is not applicable.

27. 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).

O’Brien House is a non-profit and this step is not applicable.

28. 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:

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

O’Brien House is a non-profit and this step is not applicable.

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

We are required to be independent of O'Brien House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

L. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 30, 2022