

Empower 225
Baton Rouge, Louisiana
Annual Financial Report
For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Empower 225
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Empower 225 (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 Empower 225 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 my 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 Empower 225 and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to my 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 Empower 225's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Empower 225'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 Empower 225's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the

financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued my report dated June 30, 2023, on our consideration of Empower 225'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 Empower 225'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 Empower 225's internal control over financial reporting and compliance.

L. A. Champagne & Co, LLP

Baton Rouge, Louisiana
June 30, 2023

EMPOWER 225
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 239,115
Grant reimbursement receivable	108,663
Prepaid expenses	28,128
Total current assets	<u>375,906</u>

PROPERTY AND EQUIPMENT

Property and equipment, net of depreciation	581,996
Operating lease right-to-use asset, net of amortization	51,417
	<u>633,413</u>

Total assets	<u><u>\$ 1,009,319</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 19,450
Credit cards	16,821
Accrued salaries	25,832
Accrued leave	23,881
Other	31,110
Deferred revenue	12,291
Current portion of long-term debt	21,229
Current portion of operating lease liability	10,345
Total current liabilities	<u>160,959</u>

LONG-TERM LIABILITIES

Long term debt, net of current portion	214,697
Operating lease liability, net of current portion	41,073
	<u>255,770</u>

NET ASSETS

Without donor restrictions	523,840
With donor restrictions	68,750
Total net assets	<u>592,590</u>

Total liabilities and net assets	<u><u>\$ 1,009,319</u></u>
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See accompanying notes to financial statements

EMPOWER 225
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions & private grants	\$ 647,580	\$ 67,500	\$ 715,080
Federal grants	1,436,262	-	1,436,262
State grants	89,456	-	89,456
Program revenue	78,750	-	78,750
In-kind contributions	313,130	-	313,130
Insurance dividend	9,002	-	9,002
Other	38,909	-	38,909
	<u>2,613,089</u>	<u>67,500</u>	<u>2,680,589</u>
Net assets released from restrictions:			
Satisfaction of time & purpose restrictions	123,531	(123,531)	-
	<u>2,736,620</u>	<u>(56,031)</u>	<u>2,680,589</u>
EXPENSES			
Program services	1,891,450	-	1,891,450
Management & general	864,427	-	864,427
Fundraising	33,220	-	33,220
	<u>2,789,097</u>	<u>-</u>	<u>2,789,097</u>
Increase (decrease) in net assets	(52,477)	(56,031)	(108,508)
Net assets - beginning of year	576,317	124,781	701,098
Net assets - end of year	<u>\$ 523,840</u>	<u>\$ 68,750</u>	<u>\$ 592,590</u>

See accompanying notes to financial statements

EMPOWER 225
STATEMENT OF CASH FLOWS
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (108,508)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,604
Net (increase) decrease in:	
Grant reimbursement receivable	(34,703)
Accrued program revenue	18,403
Prepaid expenses	15,177
Net increase (decrease) in:	
Accounts payable	3,891
Credit cards	(34,593)
Accrued salaries	(9,527)
Accrued leave	6,836
Other	26,849
Deferred revenue	12,291
Net cash provided by (used in) operating activities	<u>(77,280)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(19,017)</u>
Net cash provided by (used in) investing activities	<u>(19,017)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	<u>(19,952)</u>
Net cash provided by (used in) financing activities	<u>(19,952)</u>

NET DECREASE IN CASH

	(116,249)
Cash and cash equivalents - beginning of year	<u>355,364</u>
Cash and cash equivalents - end of year	<u><u>\$ 239,115</u></u>

SUPPLEMENTAL DISCLOSURES

Interest paid	<u><u>\$ 10,418</u></u>
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See accompanying notes to financial statements

EMPOWER 225
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program					Management & General	Fundraising	Total
	Advocacy	Hope	Housing	Independent Living	Total			
Client support & related program	\$ 83,348	\$ 137,538	\$ 150,576	\$ 38,758	\$ 410,220	\$ 28,721	\$ -	\$ 438,941
Depreciation	-	-	26,603	-	26,603	-	-	26,603
Insurance	34,880	8,780	14,469	7,759	65,888	7,155	-	73,043
Interest	-	-	10,418	-	10,418	-	-	10,418
Meetings, travel & education	4,156	10,330	323	850	15,659	1,790	-	17,449
Miscellaneous	1,504	-	192	2,064	3,760	60,982	-	64,742
Office, computer, & other supplies	67,691	2,671	74,498	7,776	152,636	84,098	818	237,552
Other direct program cost	3,716	8,670	4,983	2,606	19,975	-	-	19,975
Payroll & other related cost	602,237	147,451	249,515	132,771	1,131,974	415,022	-	1,546,996
Professional fees	-	-	-	-	-	71,269	-	71,269
Rent, utilities, & parking	10,800	15,600	10,800	17,117	54,317	195,390	32,402	282,109
Total expenses	\$ 808,332	\$ 331,040	\$ 542,377	\$ 209,701	\$ 1,891,450	\$ 864,427	\$ 33,220	\$ 2,789,097

See accompanying notes to financial statements

EMPOWER 225
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

A: ORGANIZATION AND NATURE OF ACTIVITIES

Nature of activities

Empower 225 (the Organization) is a nonprofit corporation founded in September 2010 (initially as Healing Place Serve). Our mission is to empower youth in the capital region who are at-risk of homelessness and dependency, to reach their highest potential through educational support, life-skills training, career preparedness, housing and mentorship. Our goal is to connect the youth with positive adult role models and help them develop in these four areas: Education, employment, stable housing, and life skills. We strive to achieve these goals by establishing community-based partnerships and developing indigenous leadership. We work to provide and coordinate supportive services to ensure wrap-around care, recruits and trains volunteers to implement 'Best-Practices Programs' & secure additional resources for the community. Our target populations include: Homeless and runaway youth, youth in foster care, young adults who age out of foster care, youth involved with juvenile justice and victims of sexual trafficking. We have developed various programs around the needs of our target populations. We also have programs to build greater awareness and better response to the problem of child trafficking, coordinates foster care and adoption events, and provides housing for homeless individuals. Our Organization is funded by donations, grants, and revenue collected in furtherance of our mission.

Components of Program Services

Advocacy - The Foster Care/Adoption initiative provides awareness and advocacy for youth in care and available for adoption; recruits, secures, and trains foster and adoptive parents; and provides support and training for caregivers and birth parents. My Community Cares is a pilot program that provides a holistic approach with advocacy and services to a youth and their family in an effort to keep them out of state custody.

HOPE [anti-trafficking initiative] - The HOPE Team provides supportive services and mentoring to victims of human trafficking. It also facilitates training for those who serve these victims including law enforcement, medical employees and state officials.

Housing - Anchor House provides stable housing and support for homeless or at-risk male youth ages 16-21. It is an eight-bed family-style transitional living program used to create a supportive home environment. The Rapid Rehousing Program provides short-to-medium term housing assistance for qualifying homeless youth ages 18-24. Participants are assigned through the statewide

A: ORGANIZATION AND NATURE OF ACTIVITIES (Continued)

Coordinated Entry program. The Basic Center Program provides emergency housing for youth ages 12-17 through a host home model for up to 21 days, all in an effort to provide reunification.

Independent Living - The Empower 225 Leadership Academy helps youth ages 13 – 24 become leaders through Educational Support, Life Skills Training, and Employment Training. The Dream Center Accelerate Program (DAP), an after-school program that provides a safe positive place and educational support for at-risk youth ages 13-18 after school and during the summer. CILP program provides life skills training for youth ages 14-21 in foster care or aged out of foster care. The 225 Employment Program, an 8-week curriculum to prepare young adults ages 18-24 to obtain and retain successful employment. The AMPP program works with youth ages 12-17 who have been exposed to violence and/or part of the juvenile justice system with the intent of providing alternative pathways to violence and provide wrap around services for the family.

Education - Empower Academy provides an educational environment for students in grades 6th – 12th. The Adult Education/Work Ready U program provides students with the opportunity to achieve their HISET and workforce preparedness.

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 prepares its financial statements and the reported amounts of revenue and expenses during the reporting period.

Net Asset Presentation

Net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. This class also includes restricted gifts whose donor-

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

imposed restrictions were met within the same year as received the donated assets for either specified or unspecified purposes.

With Donor Restrictions - Net assets with donor restrictions are those resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations.

Cash and cash equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. The following is the composition of the combined amounts appearing in the financial statements.

Money in checking accounts	\$	238,786
Petty cash		329
Total cash and cash equivalents	\$	239,115

Account, grant, and contribution receivable

The Organization determines past due accounts based on contractual terms and does not charge interest on the accounts. The Organization charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management estimates no allowance for doubtful accounts is necessary as of December 31, 2022.

Property and Equipment

Property and equipment are stated at historical cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than \$5,000 are expensed. Depreciation of property and equipment is computed over the estimated useful lives of the assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. The following is a summary of the estimated useful lives used:

Buildings and improvements	39	Years
Leasehold improvements	15-39	Years
Equipment	3-5	Years
Vehicles	5-7	Years

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization receives revenue from contributions (donations, private grants, fundraising revenue, and federal and state grant awards) and from contracts with its customers for services in furtherance of its mission (program service revenue).

Contributions and promises to give - Contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions, in the period received or in the period in which an unconditional promise to give such contribution is received.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions. The same treatment applies for reporting investment gains and income.

Donated services, property, and facility use - In-kind contributions consist of donated services, property, and facility use received by the Organization. Donated property and facility use are recorded as both revenue and expense at their estimated fair values at the date of receipt. Donated property with a long useful life is recorded as revenue and as a long-lived asset at the estimated fair value.

The Organization recognizes contribution revenue for certain services received at their estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Organization utilizes the guidance in the FASB ASC in the assessment of whether revenue is an exchange transaction or contribution and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Contributions and grants are recorded as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, 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.

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and grants with donor restrictions that are both received and satisfied within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

The Organization receives grant funding from federal agencies, state and local governments, and private sources. Excess expenses incurred are non-reimbursable to the Organization. Advance payments from grantors are recorded as refundable advances until expensed for its intended purpose.

The Organization recognizes revenue from customers when it transfers promised goods or services to its customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. To accomplish this, the Organization applies the following five-step process to achieve this core principle:

- Identification of the contract with the customer;
- Identification of the performance obligations of 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.

The Organization receives program revenue for providing services. Revenue for these services is recognized when the services occur.

Revenue disaggregation

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 as follows for the year ended December 31, 2022:

Recognized at a point in time		
Program service revenue	\$	64,104

Income Taxes

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.

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 program and support functions have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses.

Major categories of costs are allocated between program and support functions as follows: Payroll related costs are allocated based on the employees' responsibilities under each program. Other expenses are allocated to the classification that the expenditure most directly benefits.

Compensated Absences

An employee who works 20 to 40 hours per week will accrue vacation time. Annual leave may be rolled into the following year.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There was no such impairment for the year ended December 31, 2022.

Advertising

Advertising costs are expensed as incurred. There were no advertising costs for the year ended December 31, 2022.

B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost Allocation

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include, among others, compensation and benefits, which are allocated on the basis of estimates of time and effort and occupancy costs and depreciation, which are allocated on a square footage basis.

Fair Value Measurement

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Adoption of new accounting standards

The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. The ASU also requires expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Organization adopted the new standard effective January 1, 2022 using the modified retrospective method. Adoption of this ASU had no impact on total beginning net assets at January 1, 2022.

The Organization also adopted the amendments of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2022. Adoption of this ASU did not have an impact on net assets.

C: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	\$ 239,115
Grant reimbursement receivable	108,663
Less donor imposed restrictions	<u>(68,750)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 279,028</u></u>

It is the Organization's policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management estimates the available financial assets are sufficient to meet operating needs.

D: PROPERTY AND EQUIPMENT

Depreciation expense for the year was \$26,603. A summary of property and equipment as of December 31, 2022 is as follows:

Buildings and improvements	\$ 560,649
Leasehold improvements	181,409
Equipment	25,676
Vehicles	<u>55,223</u>
Total	<u>822,957</u>
Less: accumulated depreciation	<u>(240,961)</u>
Property and equipment, net	<u><u>\$ 581,996</u></u>

E: NOTES PAYABLE & INTEREST EXPENSE

The Organization has one note payable that is secured by a mortgage on the Organization's Anchor House. The balance of this note as of December 31, 2022, was \$235,926.

The note originally matured on October 12, 2022, but was refinanced on April 26, 2022, with a 4.00% interest rate, installments of \$2,533.70 and a maturity date of April 26, 2027, with an expected principal obligation of \$139,438 then owed.

Total interest costs for the year was \$10,418 which was entirely charged as an expense on the Statement of Activities.

F: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2022:

Restricted for use on the Wilson Tech Program	\$ 1,250
Restricted for use on the Home School Project	<u>67,500</u>
Total	<u>\$ 68,750</u>

G: DONATED SERVICES, PROPERTY, AND FACILITY USE

The organization reported \$313,130 in donated services, property, and facility use as support revenue on its Statement of Activities. This consisted of services, other property, and facility use that the Organization valued at \$313,130 which is reported as part of the expenses on the Statement of Activities.

The Statement of Functional Expenses reports donated services, property, and facility use in the following expense accounts as of December 31, 2022:

<u>Category</u>	<u>Expense account charged</u>	<u>Amount</u>
Facility use	Rent, utilities, and parking	\$ 249,707
Services	Other direct program cost	19,975
Supplies	Miscellaneous	<u>43,448</u>
		<u>\$ 313,130</u>

Donated facility use consists of the following office, program activity, special event and storage space donated to the Organization for use rent-free by Healing Place Church:

19202 Highland Road, Baton Rouge, LA 70809
4829 Winbourne Ave. Baton Rouge, LA 70805 (Baton Rouge Dream Center)
569 Florida Ave SW, Denham Springs, LA 70726

H: SIGNIFICANT ESTIMATES, CONCENTRATIONS AND CREDIT RISK

Credit risk

Financial instruments that are exposed to concentrations of credit risk consist of cash, and accounts receivable. The cash is held in FDIC insured banks. As of the end of the year, the

**H: SIGNIFICANT ESTIMATES, CONCENTRATIONS AND CREDIT RISK
(Continued)**

cash held in the bank did not exceed the FDIC limit of \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Receivables consist entirely of contract revenue and grant reimbursements due from federal and state agencies. The majority of these amounts are realizable when the Organization decides to draw down budgeted grant funds to recover the expenditures made towards the grant projects. No collateral is obligated by the promising agencies. Because the realization of the majority of these receivables is at the discretion of the Organization, there is no significant concentrations of credit risk with respect to the receivables.

Significant Donors

The Organization received \$65,500 in cash contributions from Healing Place Church. The Organization also receives in-kind contributions of facility use that management estimates to be valued at \$249,707 from Healing Place Church. A decrease in future commitments from Healing Place Church or other future key donors could have a significant effect on operations.

Other significant sources of revenue

Direct and pass-through federal awards comprised approximately 55% of the Organization's revenue during 2022. Failure to secure additional federal awards could have a significant effect on operations.

Significant estimates

Significant estimates include the value of donated property, services, and facility use.

I: CONTINGENCIES

The Organization recognized a \$18,199 liability as of the financial statement date for grant reimbursement.

J: FUNDRAISING EXPENSE

Total fundraising expense for the year ended December 31, 2022, was \$33,220.

K: RETIREMENT PLAN

The Organization sponsors a 401(k) plan that allows employees to make pre-tax contributions through salary reduction. Employees are eligible to participate after three months of employment with the Organization. The Organization does not match any contributions made by the employees or make nonmatching contributions.

L: NON-CASH INVESTING AND FINANCING ACTIVITIES

During 2022, the Organization acquired \$54,788 of operating right-to-use assets in exchange for lease obligations.

M: LEASES

Amounts recognized as right-of-use assets related to operating leases are included in property and equipment on the statement of financial position, while related lease liabilities are included in current and long-term debt.

As of December 31, 2022, right-of-use assets related to operating leases were as follows.

Operating lease right-to-use asset	Lease A	Lease B	Total
Cost	\$ 10,858	\$ 43,930	\$ 54,788
Accumulated amortization	(667)	(2,704)	(3,371)
	<u>\$ 10,191</u>	<u>\$ 41,226</u>	<u>\$ 51,417</u>

The Organization leases office equipment under non-cancellable operating leases expiring in 2027. At the conclusion of the initial term, the leases will renew for 3 month intervals unless a cancellation notice is provided 60 days prior to renewal. The monthly lease payments under these agreements range from \$197 to \$747. Total operating lease expense for 2022 was \$3,976. Both operating leases were discounted using the 5 year treasury of 3.39%.

M: LEASES (Continued)

A summary of future lease payments for operating leases at December 31, 2022 is as follows:

	<u>Lease A</u>	<u>Lease B</u>	<u>Total</u>
2023	\$ 2,364	\$ 9,564	\$ 11,928
2024	2,364	9,564	11,928
2025	2,364	9,564	11,928
2026	2,364	9,564	11,928
2027	1,576	6,376	7,952
Less effects of discounting	<u>(841)</u>	<u>(3,406)</u>	<u>(4,247)</u>
	<u>\$ 10,191</u>	<u>\$ 41,226</u>	<u>\$ 51,417</u>

N: SUBSEQUENT EVENTS

Management has evaluated the subsequent events through June 30, 2023, the date that the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

EMPOWER 225
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AN AGENCY HEAD
December 31, 2022

Agency Head Name:

Susan Rogers
Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	74,910

EMPOWER 225
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

FEDERAL GRANTOR GRANTORS/PROGRAM TITLE	GRANT NUMBER	FEDERAL CFDA NUMBER	TOTAL FEDERAL EXPENDITURES
<u>U. S. Department of Homeland Security</u>			
Direct programs:			
Transitional living program	90CX7170-05-00	93.550	136 780
Transitional living program	90CX7408-01-00	93.550	49 091
Total transitional living program			185 871
Street outreach programs	90Y02438-01-00	93.557	80 120
Street outreach programs	90Y02438-02-00	93.557	31 778
Total street outreach programs			111 898
Basic center grant	90CY7276-02-00	93.623	106 095
Passed through			
<i>Louisiana Department of Children and Family Services</i>			
Chafee foster care independent living program	2000434211	93.674	77 356
Chafee foster care independent living program	2000691328	93.674	88 708
Total chafee independent living program			166 064
Subtotal, U.S. Department of Health and Human Services			569 928
<u>U. S. Department of Justice (DOJ)</u>			
Direct programs:			
Minor victims of human trafficking	2019-VM-BX-0009	16.320	122 251
Human trafficking services for trafficking victims	2020-VT-BX-0044	16.320	234 394
Total services for trafficking victims			356 645
Preventing trafficking of girls program	15POVC-22-GG- 03754-GIRL	16.035	27 393
Awareness mentorship, prevention, protection, (AMPP) violence prevention program	2020-CV-FX-K008	16.818	214 215
Subtotal, U.S. Department of Justice			598 253
<u>U. S. Department of Housing & Urban Development (HUD)</u>			
Direct programs:			
Continuum of care (individual)	LA0336L6H092002	14.267	98 717
Continuum of care (family)	LA0308L6H092003	14.267	109 800
Total continuum of care			208 517
Subtotal, U.S. Department of Housing & Urban Development (HUD)			208 517
<u>U. S. Department of Education (DOE)</u>			
Passed through			
<i>Louisiana Community & Technical College System</i>			
Adult education grant program	V002A210018	84.002A	59 564
Subtotal, U.S. Department of Education (DOE)			59 564
TOTAL EXPENDITURES OF FEDERAL AWARDS			1,436 262

EMPOWER 225
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Empower 225 under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Empower 225, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Empower 225.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Empower 225 has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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



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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***

Board of Directors
Empower 225
Baton Rouge, 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 Empower 225 (the 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 June 30, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, we considered Empower 225's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Empower 225's internal control. Accordingly, we do not express an opinion on the effectiveness of Empower 225'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 my audit, we did not

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Empower 225'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 my 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 my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

S. A. Champagne & Co, LLP

Baton Rouge, Louisiana
June 30, 2023

Kimberly G. Sanders, CPA, MBA
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of Empower 225
Baton Rouge, Louisiana

Opinion on Each Major Federal Program

We have audited Empower 225's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Empower 225's major federal programs for the year ended December 31, 2022. Empower 225's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Empower 225 complied, in all material respects, with the 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 my report.

We are required to be independent of Empower 225 and to meet other ethical responsibilities, in accordance with relevant ethical requirements relating to the 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 Empower 225'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 Empower 225'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 Empower 225's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will 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 Empower 225's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Empower 225'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 Empower 225'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 Empower 225'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 the 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.

S. A. Champagne & Co, LLP

Baton Rouge, LA
June 30, 2023

EMPOWER 225
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

A: SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Empower 225.
2. No significant deficiencies in internal controls relating to the audit of the financial statements are reported 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 instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no reportable audit findings relative to the major federal awards programs for Empower 225.
7. The program tested as major programs is as follows:

U.S. Department of Justice (DOJ)
 CFDA 16.320 - Minor victims of human trafficking
 CFDA 16.320 – Human trafficking services for trafficking victims
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Empower 225 was determined to be a low-risk auditee.

B: FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no findings that are required to be reported in this section of the report.

C: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There are no findings that are required to be reported in this section of the report.

D: SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

There are no findings that are required to be reported in this section of the report.

E: SUMMARY OF PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There are no findings that are required to be reported in this section of the report.



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Empower 225 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, 2022 through December 31, 2022. Empower 225's management is responsible for those C/C areas identified in the SAUPs.

Empower 225 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, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were found as a result of this procedure.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were found as a result of this procedure.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of this procedure.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- Results: No exceptions were found as a result of this procedure.*
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- Results: No exceptions were found as a result of this procedure.*
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- Results: No exceptions were found as a result of this procedure.*
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- Results: No exceptions were found as a result of this procedure.*
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- Results: No exceptions were found as a result of this procedure.*
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- Results: Not applicable as Empower 225 is a nonprofit organization.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- Results: Not applicable as Empower 225 is a nonprofit organization.*

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

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

- xii. **Prevention of Sexual Harassment**, including R.S. 42.342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No applicable as Empower 225 is a nonprofit organization.

2) Board or Finance Committee

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

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

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

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

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

Results: Not applicable as Empower 225 is a nonprofit organization.

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

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

3) Bank Reconciliations

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

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

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

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

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

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

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

4) Collections (excluding electronic funds transfers)

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

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

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

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

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

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit:

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

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit: and

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

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

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

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

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

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc* Obtain supporting documentation for each of the 10 deposits and:

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

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

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

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

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

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

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

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

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

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

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

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

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

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

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

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

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

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

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

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

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

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

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

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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Results: No exceptions were found as a result of this procedure.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
Results: No exceptions were found as a result of this procedure.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
Results: No exceptions were found as a result of this procedure.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported), and
Results: No exceptions were found as a result of this procedure.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
Results: No exceptions were found as a result of this procedure.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

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

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

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

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

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

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

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

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed

during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Results: No exceptions were found as a result of this procedure.
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Results: No exceptions were found as a result of this procedure.
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
Results: No exceptions were found as a result of this procedure.
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
Results: No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
Results: No exceptions were found as a result of this procedure.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
Results: No exceptions were found as a result of this procedure.
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Results: No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
Results: No exceptions were found as a result of this procedure.
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Results: No exceptions were found as a result of this procedure.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
Results: No exceptions were found as a result of this procedure.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Results: No exceptions were found as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
Results: Not applicable as Empower 225 is a nonprofit organization.
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
Results: Not applicable as Empower 225 is a nonprofit organization.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42.1170.
Results: Not applicable as Empower 225 is a nonprofit organization.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments

on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Results: Not applicable as Empower 225 is a nonprofit organization.

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

Results: Not applicable as Empower 225 is a nonprofit organization.

12) Fraud Notice

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

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

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24.523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

13) Information Technology Disaster Recovery/Business Continuity

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

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

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

We performed the procedure and discussed the results with management.

- 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.

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

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

14) Prevention of Sexual Harassment

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

Results: Not applicable as Empower 225 is a nonprofit organization.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: Not applicable as Empower 225 is a nonprofit organization.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

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

Results: Not applicable as Empower 225 is a nonprofit organization.

- ii. Number of sexual harassment complaints received by the agency;

Results: Not applicable as Empower 225 is a nonprofit organization.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Results: Not applicable as Empower 225 is a nonprofit organization.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action, and

Results: Not applicable as Empower 225 is a nonprofit organization.

- v. Amount of time it took to resolve each complaint.

Results: Not applicable as Empower 225 is a nonprofit organization.

We were engaged by Empower 225 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 Empower 225 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.

S. A. Champagne & Co, LLP

Baton Rouge, Louisiana

June 30, 2023