CENTER FOR RESILIENCE, INC.

Audit of Financial Statements

June 30, 2021

LaPorte
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

Report on the Financial Statements
We have audited the accompanying financial statements of Center for Resilience, Inc. (CFR), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CFR as of June 30, 2021, 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.

Other Matters
Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 15, 2021, on our consideration of CFR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CFR'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 CFR's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 15, 2021

CENTER FOR RESILIENCE, INC.
Statement of Financial Position
June 30, 2021

Assets		
Current Assets		
Cash	$	864,083
Accounts Receivable		488,785
Prepaid Items and Other Current Assets		20,438
Total Current Assets		1,373,306
Property and Equipment, Net		17,671
Total Assets	$	1,390,977
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	$	705,864
Accrued Salaries Payable		120,095
Compensated Absences Payable		4,073
Accrued Retirement Payable		3,675
Paycheck Protection Program Loan		348,800
Other Current Liabilities		11,377
Total Current Liabilities		1,193,884
Long-Term Liabilities		
Paycheck Protection Program Loan		465,900
Total Liabilities		1,659,784
Net Assets		
Without Donor Restrictions		(318,807)
With Donor Restrictions		50,000
Total Net Assets		(268,807)
Total Liabilities and Net Assets	$	1,390,977

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

CENTER FOR RESILIENCE, INC.
Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Partner School Fees	$ 1,636,533	$ -	$ 1,636,533
Educational Program Management Fees	1,300,000	-	1,300,000
Contributions and Grant Revenue	69,345	222,500	291,845
Other Revenue	1,606	-	1,606
Net Assets Released from Donor Restrictions	556,601	(556,601)	-
Total Revenue, Support, and Gains	3,564,085	(334,101)	3,229,984
Expenses			
Program Services	2,494,843	-	2,494,843
Supporting Services	1,068,936	-	1,068,936
Total Expenses	3,563,779	-	3,563,779
Change in Net Assets	306	(334,101)	(333,795)
Net Assets, Beginning of Year	(319,113)	384,101	64,988
Net Assets, End of Year	$ (318,807)	$ 50,000	$ (268,807)

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

CENTER FOR RESILIENCE, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services	Supporting Services	
	ResilientKids Classroom Integration	**Management and General**	**Total**
Salaries and Compensation	$ 1,204,432	$ 797,122	$ 2,001,554
Consultants	380,254	16,250	396,504
Employee Benefits and Related Taxes	230,184	124,189	354,373
Transportation	262,645	-	262,645
Administrative and Other	92,033	30,678	122,711
Building Rent	59,687	19,896	79,583
Food Service Program	76,280	-	76,280
Supplies	37,554	12,518	50,072
Custodial Service and Supplies	34,358	11,453	45,811
Insurance	28,930	9,643	38,573
Telecommunications	28,538	9,513	38,051
Professional Development	26,319	8,773	35,092
Legal	12,412	4,137	16,549
Depreciation	-	15,750	15,750
Maintenance and Repairs	8,230	2,743	10,973
Payroll Fees	6,548	2,183	8,731
Copier Rental	6,439	2,146	8,585
Travel	-	1,942	1,942
Total Expenses by Function	$ 2,494,843	$ 1,068,936	$ 3,563,779

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

CENTER FOR RESILIENCE, INC.
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash Flows from Operating Activities		
Change in Net Assets	$	(333,795)
Adjustments to Reconcile Change in Net Assets		
to Net Cash Used in Operating Activities		
Depreciation		15,750
Changes in Assets and Liabilities		
Accounts Receivable		(143,092)
Prepaid Items and Other Current Assets		(19,565)
Accounts Payable and Accrued Expenses		113,950
Accrued Salaries Payable		(23,277)
Compensated Absences Payable		(5,620)
Accrued Retirement Payable		(352)
Other Current Liabilities		11,377
Net Cash Used in Operating Activities		(384,624)
Cash Flows from Investing Activities		
Proceeds from Disposal of Property		7,642
Net Cash Provided by Investing Activities		7,642
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program Loan		465,900
Payments on Note Payable		(1,000)
Net Cash Provided by Financing Activities		464,900
Net Increase in Cash		87,918
Cash, Beginning of Year		776,165
Cash, End of Year	$	864,083

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

Note 1. Organization and Summary of Significant Accounting Policies

Nature of Organization

Center for Resilience, Inc. (CFR) is a nonprofit public benefit corporation organized under the laws of the State of Louisiana and was incorporated on January 19, 2017 as New Orleans Therapeutic Day Program. On February 22, 2017, the name was changed to Center for Resilience, Inc.

The mission of CFR is to provide educational and intensive mental health support in an innovative partnership with the Tulane University School Medicine Department of Child and Adolescent Psychiatry to ensure the emotional well-being and academic readiness of children with behavioral health needs in the Greater New Orleans region. Currently, CFR offers separate settings for children in grades K - 10 with moderate to significant, diagnosed behavioral health disabilities whose needs cannot be met in a traditional school.

CFR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. Ultimately, CFR's aim is to make sure all children with behavioral health needs have access to the appropriate services and placements.

Center for Resilience's ResilientKids Classroom Integration program involves a year-long, social and emotional learning curriculum taught from the inside out through mindfulness skills. Center for Resilience instructors work together with the classroom teachers to enhance learning-readiness and reduce stress and anxiety.

Basis of Accounting and Presentation

The financial statements of CFR are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, and expenses are recorded when incurred. CFR follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, CFR considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2021, CFR had no cash equivalents.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Receivables from contracts with customers are reported as accounts receivable in the accompanying statement of financial position. Accounts receivable consist primarily of non-interest bearing amounts due for partner school fees and educational program management fees. CFR determines the allowance for uncollectable accounts receivable based on historical experiences, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At June 30, 2021, the allowance was $-0-. The opening balance of accounts receivable at July 1, 2020 totaled $339,193.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Land is stated at cost. Expenses incurred for maintenance and repairs are charged to operations as incurred. Leasehold improvements are amortized over the lesser of the estimated economic life of the improvements or the remaining term of the lease. Assets acquired by gift are recorded at fair market value established at the date of acquisition. CFR follows the policy of capitalizing all individual fixed assets purchased greater than $5,000 and fixed assets that in aggregate are greater than $10,000. CFR uses the straight-line method of depreciation over the assets useful life determined as follows:

Asset	Useful Lives
Leasehold Improvements	5 - 20 Years
Furniture, Fixtures, and Equipment	3 - 7 Years
Buildings	30 Years

Compensated Absences

Twelve-month employees are entitled to a total of ten (10) days of wellness leave. Up to three (3) days of the leave may be rolled over annually. Upon separation from employment, employees forfeit all accrued but unused sick and vacation time. Additionally, year-end staff are eligible for ten (10) days of vacation time. Ten-month employees are eligible for ten (10) days of wellness leave. Unused wellness leave for Ten-month employees does not rollover at year-end.

Net Assets

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

Net Assets Without Donor Restrictions: Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

CFR's revenue is derived primarily from partner school fees, educational program management fees, and contributions.

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers*, which introduced a five-step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. The model identifies the contract, any separate performance obligations in the contract, determines the transaction price, allocates the transaction price, and recognizes revenue when the performance obligations are satisfied. However, this standard does not affect revenue streams that are addressed by other standards such as contributions under ASC Topic 958. Consequently, the new standard did not impact the timing of revenue recognition for contributions and grant revenue not considered to be an exchange transaction. Management determined that the new standard applies to revenues from partner school fees and educational program management fees.

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed asset must be used, CFR has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives.

Partner school fees and educational program management fees are accounted for in accordance with ASC 606.

CFR recognizes revenue from partner school fees and educational program management fees during the year in which the related services are provided to students. The performance obligation is to provide education and related therapeutic services to students in kindergarten through tenth grade in Orleans Parish Schools whose mental health needs cannot be met in a traditional school setting. CFR works with students to build the skills necessary to be successful in a less restrictive school setting so they can one day transition back to their home schools. The performance obligation is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the year.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Organizations are required to recognize as revenue and related expense, services received as donations if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

Functional Allocation of Expenses

The cost of providing CFR's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services in the accompanying statement of functional expenses. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and Related Benefits	Time and Effort
Occupancy	Square Footage
Professional Fees	Full-Time Equivalent
Other	Time and Effort

Income Taxes

CFR is a not-for-profit exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. CFR believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in expenses.

Recent Accounting Pronouncements - Adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 was adopted July 1, 2020. CFR completed its overall assessment of revenue streams and, based on this assessment, CFR concluded that ASU 2014-09 resulted in no significant changes in the way CFR recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Not Yet Adopted

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 will be effective for CFR in the year ending June 30, 2023. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	$	864,083
Accounts Receivable		488,785
Total	$	1,352,868

As part of CFR's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, CFR has a $150,000 line of credit it could draw on in the event of an unanticipated liquidity need. Further, CFR anticipates a forgiveness of its Paycheck Protection Program (PPP) loan of $814,700 in the 2022 fiscal year and continues to address its cash liquidity issues through cost containment and grant enhancement activities.

Note 3. Property and Equipment, Net

As of June 30, 2021, property and equipment consisted of the following:

Equipment	$	50,117
Less: Accumulated Depreciation		(32,446)
Total Property and Equipment, Net	$	17,671

Depreciation expense for the year ended June 30, 2021 totaled $15,750.

Note 4. Line of Credit

CFR has executed a renewal of its line of credit with an available amount of $150,000 dated January 25, 2021 and matures on July 25, 2021. See subsequent renewal information in Note 11. The interest rate on this note is subject to change from time-to-time based on changes in an independent index which is the prime rate of interest as published in the money rate section of the Wall Street Journal.

Note 5. Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which CFR operates. It is unknown how long these and any other adverse conditions associated with the coronavirus will last and what the complete financial effect will be to CFR.

CFR is a recipient of funding from the Orleans Parish School Board and other partners. The funding is governed by various guidelines, regulations, and contractual agreements. The administration of the program and activities funded is under the control and administration of CFR and is subject to audit and/or review by the applicable funding source.

CFR is exposed to various risks of loss related to torts and theft of, damage to, and destruction of assets for which CFR carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 6. Paycheck Protection Program Loans

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act was enacted to provide emergency assistance for individuals, families, and organizations affected by the coronavirus pandemic. The Paycheck Protection Program (PPP), created through the CARES Act, provides qualified organizations with loans of up to $10,000,000.

CFR obtained a $348,800 loan from a bank under the PPP in April 2020. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. CFR applied for forgiveness with the lender in 2021 and received forgiveness of $348,800 from the Small Business Administration (SBA) on August 24, 2021. The amount of loan forgiveness will be reported as a component of other revenue in 2022. Therefore, the total short-term amount is $348,800 at June 30, 2021.

Note 6. Paycheck Protection Program Loans (Continued)

CFR obtained a second loan from a bank for $465,900 under the PPP in April 2021. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The loan has an initial deferral period wherein no payments are due for sixteen months from the date of the note. Interest will continue to accrue during this deferment period. After the deferment period, if not forgiven, payments of principal and interest in the amount of $10,689 are due monthly. The loan bears interest at 1% and matures on April 13, 2026.

Aggregate maturities under the PPP are as follows:

Year Ending June 30,		Amount
2022	$	348,800
2023		107,790
2024		125,218
2025		126,497
2026		106,395
Total	$	814,700

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loans. The review may include the loan forgiveness application, as well as whether CFR received the proper loan amounts. The timing and outcome of any SBA review is not known.

Note 7. Donor Restrictions

At June 30, 2021, donor restrictions consisted of amounts subject to donor-imposed restrictions, and will be met by actions of CFR or by the passage of time. A detail by donor follows:

Source		Amount
Subject to Expenditure for Specified Purpose:		
Prism Program	$	50,000
Total	$	50,000

Note 8. Retirement Plan

On December 5, 2018, CFR's Board approved the establishment of a 403(b) single employer, defined contribution plan. Funding for the plan is through a contribution of a maximum percentage of up to 4% by the participating employees and CFR, limited by the maximum deferral dictated by Internal Revenue Code. Eligibility is based on full-time employment. The contribution is based on the employee's base salary each month. For the year ended June 30, 2021, employer contribution expense totaled $26,250.

Note 9. Concentration of Credit Risk

CFR periodically maintains cash in bank accounts in excess of the federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. At June 30, 2021, $612,682 of cash was uninsured. CFR has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

During the year ended June 30, 2021, one revenue provider made up 40% of the total revenue recognized by CFR.

Note 10. Operating Leases

Effective July 1, 2019, CFR is obligated under an executed operating lease for office space. The operating lease contains yearly renewal options for periods not to exceed five (5) years. In addition, the lease grants a rent abatement effective July 1, 2019 until the abatement amount reaches $130,000. Building rent expense for the year ended June 30, 2021 totaled $79,582.

The required minimum rental payments under the terms of the building lease agreement are as follows:

Year Ending June 30,	Amount
2022	$ 129,844
2023	144,372
2024	147,368
Total	$ 421,584

Note 11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 15, 2021, and determined that the following events occurred that require disclosure:

On August 24, 2021, CFR received forgiveness for the first loan under the PPP of $348,800 from the SBA.

On September 21, 2021, CFR renewed the line of credit in the amount of $150,000 with a maturity date of September 20, 2022.

No further subsequent events occurring after December 15, 2021, have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

CENTER FOR RESILIENCE, INC.
Supplementary Information
Schedule of Compensation, Benefits, and Other Payments
to Chief Executive Officer
For the Year Ended June 30, 2021

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Chief Executive Officer
Elizabeth Marcel-Williams

Purpose	**Amount**
Salary	$119,646
Benefits - Insurance	$0
Benefits - Retirement	$3,440
Benefits - Other	$0
Car Allowance	$0
Per Diem	$0
Reimbursements	$267
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Housing	$0
Business Cell Phone	$0
Special Meals	$0

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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*

Independent Auditor's Report

To the Board of Directors
Center for Resilience, Inc.
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Center for Resilience, Inc. (CFR), which comprise the statement of financial position as of June 30, 2021, 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 December 15, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered CFR's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CFR's internal control. Accordingly, we do not express an opinion on the effectiveness of CFR'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

Our consideration of internal control over financial reporting 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 CFR’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CFR’s Response to Finding
CFR's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. CFR's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CFR’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 Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Covington, LA
December 15, 2021

Section I - Summary of Auditor's Results

Financial Statements Section

1) Type of auditor's report	Unmodified
2) Internal control over financial reporting and compliance and other matters	
a) Material weaknesses identified?	No
b) Significant deficiencies identified?	Yes
3) Noncompliance material to the financial statements noted?	No

Federal Awards Section – Not Applicable

Section II - Findings Related to the Financial Statements

2021-001 Sequential Check Monitoring

Condition: A significant deficiency in internal control over financial reporting is present as a blank check was identified during audit testing that was unaccounted for and where a stop payment had not been issued.

Criteria: Blank check stock should be tracked through sequential check monitoring.

Effect: A blank check is unaccounted for without a stop payment issued.

Cause: There are currently no procedures in place to ensure blank check stock is accounted for through sequential check monitoring.

Recommendation: We recommend that management perform sequential check monitoring such as gap analysis on a regular basis to identify missing checks for stop payment purposes.

Views of Responsible Officials: Management agrees with the above finding and have developed a monthly process for sequential check monitoring, effective immediately.

CENTER FOR RESILIENCE, INC.
Schedule of Prior Audit Findings and Responses
For the Year Ended June 30, 2021

Findings Related to the Financial Statements

Reference Number
2020-001

Condition
Prior auditor was unable to obtain certain supporting documentation to evidence compliance with deliverables dictated in respective contracts executed with various funding sources. Further, prior auditor was unable to completely distinguish between net assets with and/or without donor restrictions, respectively prior to the effect of audit adjustments. This impacts the timely preparation and presentation of periodic financial statements to include the year-end audit.

Status
Resolved

Reference Number
OM 2020-001

Condition
At June 30, 2020, CFR had $4,535 recorded as a "payroll clearing" payable. However, we were unable to ascertain the validity of the obligation.

Based on discussion with management, it is our understanding that the amount represents an incorrect journal entry dated August 30, 2019, and posted to correct manual payroll checks issued on August 15, 2019.

Status
Resolved

Reference Number
OM 2020-002

Condition
At June 30, 2020, CFR does not have a formalized written deposit policy to address its funds concentration risk for deposits held by an institution on its behalf in excess of the FDIC insurance coverage amount of $250,000.

Credit risk amount at June 30, 2020 was $525,665.

Status
At June 30, 2021, $612,682 of cash was uninsured. CFR has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Reference Number
OM 2020-003

Condition
Our review of internal control attributes over CFR's revenue and expense cycles revealed the following conditions:

- In all twenty-five (25) of cash collection transactions tested, we were unable to determine the timeliness in deposit of funds. This condition results from the lack of documented evidence of logged collections by date upon receipt other than the deposit tracker report which logs funds collection on the day of deposit.
- For the referenced cash collection transactions (primarily partner school fees), we were unable to ascertain the total population other than an excel spreadsheet which details the vendor's name, number of participants and billed amount.
- For twenty-three (23) of twenty-five (25) disbursement transactions tested, the respective invoices lacked evidence of cancellation to prevent the potential for further use.
- Further, sixteen (16) of twenty-five (25) disbursement transactions lacked documented evidence of mathematical verification.

Status
Resolved

Reference Number
OM 2020-004

Condition
Our review of CFR's internal control processes using a sample of four (4) journal entries judgmentally selected revealed the following condition:

- In all instances of four (4) journal entries tested, we noted no documented evidence to support review and approval beyond the level of the preparer.

Status
Resolved

Reference Number
OM 2020-005

Condition
Our review of CFR's current policies and procedures manual revealed the need for an update to certain sections of its policies and procedures to align with practice.

Status
Resolved

Reference Number
OM 2020-006

Condition
The June 30, 2020 bank account reconciliation bore no documented evidence of supervisory review.

Status
Resolved