

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2022

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

TABLE OF CONTENTS

December 31, 2022

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Statement of Financial Position	A	4
Statement of Activities and Functional Expenses	B	5
Statement of Cash Flows	C	6
Notes to Financial Statements	D	7
SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head	1	12
INDEPENDENT AUDITORS' REPORT REQUIRED BY <i>GOVERNMENTAL AUDITING STANDARDS</i>		
Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		13
Schedule of Findings and Recommendations		15
Summary of Findings and Recommendations		16
Summary of Prior Year Findings and Recommendations		18



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Louisiana Black History Hall of Fame
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of **LOUISIANA BLACK HISTORY HALL OF FAME** (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, the related statements of activities and functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Governmental Audit Guide*, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the *Louisiana Governmental Audit Guide*, 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 GAAS, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards*, we:

- Exercise professional judgement 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 the Organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

(continued)

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Agency Head 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 August 25, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountants

Baton Rouge, Louisiana
August 25, 2023

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2022

(See Independent Auditors' Report)

ASSETS

CURRENT ASSETS:

Cash	\$ 142,955
Grants receivable	224,944
	367,899

PROPERTY

Total assets	\$ 2,218,340
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Contracts payable	\$ 185,432
Retainage payable	51,490
	236,922

NET ASSETS WITHOUT DONOR RESTRICTION

Total liabilities and net assets	\$ 2,218,340
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The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES

For the year ended December 31, 2022

(See Independent Auditors' Report)

REVENUE AND SUPPORT

Grants:

Federal grants	\$ 520,782
State grants	<u>235,259</u>

Total revenue and support	<u>756,041</u>
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EXPENSES

Program:

Contract services	5,211
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General and administrative:

Insurance	2,808
Accounting	2,800
Rent	1,014
Repairs and maintenance	910
Supplies	818
Office supplies	512
Utilities	416
Bank fees and other	473

Total expenditures	<u>14,962</u>
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Change in net assets	741,079
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NET ASSETS WITHOUT DONOR RESTRICTIONS

Beginning of year	<u>1,240,339</u>
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End of year	<u>\$ 1,981,418</u>
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The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

(See Independent Auditors' Report)

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 741,079
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in grants receivable	<u>(224,944)</u>
Net cash provided by operating activities	<u>516,135</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property	<u>(480,494)</u>
Net increase in cash	35,641

CASH

Beginning of year	<u>107,314</u>
End of year	<u><u>\$ 142,955</u></u>

Supplemental disclosure of cash flow information:

Property acquired	\$ 705,438
Less: amounts included in contracts and retainage payable	<u>(224,944)</u>
Cash paid for property additions	<u><u>\$ 480,494</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Louisiana Black History Hall of Fame, (the Organization), founded in 1989, is a non-profit organization with the goal of the collection, preservation, and honoring of successful African American contributions.

The Organization has initiated the restoration of the Lincoln Theater in Baton Rouge, Louisiana. Historically, the Lincoln Theater served the African American community as a venue for performances by a variety of entertainers. The Theater fell into disrepair through abandonment; however, the Organization is in the process of restoring the property to its original state.

The Lincoln Theater has been placed on The National Registry of Historic Places and the restoration is being conducted in accordance with the applicable requirements.

Once restoration is completed, the Organization plans to resume operations of the Lincoln Theater to host arts, entertainment, educational, and community services, as well as serving as a repository for memorabilia relating to the history of African Americans' contributions with an emphasis on Baton Rouge, Louisiana.

Basis of presentation

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restrictions, which are described as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations and are available for use at the Organization's discretion. Net assets without donor restrictions may be designated for specific purposes by the Organization's governing authority.

Net assets with donor restrictions – net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time or include assets to be held in perpetuity with income earnings on the related investments to be used for general or specific purposes. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization had no assets with donor restrictions as of December 31, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (continued)

The statement of activities presents expenses of the Organization's operations functionally and by natural expense class. The Organization's major functions include program expenses and general and administrative expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Estimates are used primarily when accounting for grants receivable.

Cash

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments, including money markets and certificates of deposits available for current use, with an initial maturity of three months or less, to be cash equivalents. There were no cash equivalents as of December 31, 2022.

Property

Property is carried at cost and includes the building frame and related restoration in progress. Additions and improvements that extend the useful lives of assets are capitalized. Maintenance and repair expenses are expensed as incurred.

When applicable, depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment. The Organization is in the process of restoring the Lincoln Theatre that has been in disrepair for some time; therefore, the building and improvements are not yet in service, and depreciation has not commenced.

The Organization has received donations of numerous items of memorabilia related to the property and the African American community. The Organization does not capitalize its collection of memorabilia and historic artifacts.

Revenue recognition and support

The Organization reports grants and support when received as increases in net assets with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. 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. See Note 3 for further information concerning the Organization's financial support. There were no receivables as of January 1, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the financial statements. The Organization follows the guidance of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability related to income taxes. The Organization's open audit periods are 2018 through 2022.

Functional expenses

Management allocates expenses on a functional basis based on costs directly associated with a program or function based on time and effort relative to a certain function.

The Organization's current programmatic activity is related to the rehabilitation and restoration of the Lincoln Theatre. As a result, management considers costs incurred during the year ended December 31, 2022 to be mainly general and administrative expenses and program expenses.

Current accounting standards implemented

As of January 1, 2022, the Organization adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Organization's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

Also during 2022, the Organization implemented policies established under FASB ASC 842, *Leases* and has included the requirements of this standard, as applicable, in its financial statements for the year ended December 31, 2022. The Organization had no leasing agreements meeting the aforementioned criteria, therefore, implementation of ASC 842 had no impact on the Organization's financial statements for the year ended December 31, 2022.

Subsequent events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 25, 2023, which is the date the financial statements were available to be issued.

NOTE 2 - PROPERTY

At December 31, 2022, property is as follows:

Description	Service Life	Amount
Construction in progress	40 years	\$ 1,641,711
Land	-	208,730
		\$ 1,850,441

The Organization incurred no depreciation expense for 2022, as the building and improvements are not yet in service.

NOTE 3 - PROGRAM AND SUPPORT

The Organization’s restoration of its property is primarily being funded by federal grants which are being passed through the City of Baton Rouge-Parish of East Baton Rouge (City-Parish). Current funding is not sufficient to complete the restoration of the Lincoln Theater to its original state; however, management is confident that the necessary governmental funding to complete the project will be secured in a timely manner. Additionally, the federal state grants referenced above represents approximately 100% of total revenue for 2022.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

As of December 31, 2022, the Organization had outstanding commitments from various construction and professional services contracts in progress of approximately \$1,256,000.

Grant Reimbursements

In the normal course of operations, the Organization receives grants and support from both the federal government and the State of Louisiana. This funding is subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions applicable to providing such funds. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. Management believes the liability, if any, for any reimbursement, which may arise as a result or audits, would not be material.

NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the balance sheet dated December 31, 2022 consists of the following:

Financial assets:	<u>Amount</u>
Cash	\$ 142,955
Grants receivable	<u>224,944</u>
Financial assets available within one year, at year-end	<u>\$ 367,899</u>

NOTE 6 - DONATIONS

A substantial number of unpaid volunteers have made a significant contribution of their time to develop the Organization's programs, operations, and board participation. The value of this donated time is not reflected in these statements since the services do not meet the criteria for recognition under generally accepted accounting principles.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Organization typically maintains cash and cash equivalents in local banks that may, at times, exceed the FDIC limits. Management believes that this risk is limited. The Organization did not have any excess cash over the FDIC limit of \$250,000 as of December 31, 2022.

SUPPLEMENTARY INFORMATION

LOUISIANA BLACK HISTORY HALL OF FAME
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2022

Agency Head: Brenda Perry Dunn, Executive Director

<u>Purpose</u>	<u>Amount</u>
Reimbursement	<u>\$ 272</u>

See Independent Auditors' Report.

Report on Internal Control and Compliance

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

December 31, 2022

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

Board of Directors
Louisiana Black History Hall of Fame
Baton Rouge, 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 the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **LOUISIANA BLACK HISTORY HALL OF FAME** (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs is item 2022-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2022-001.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs.

Purpose of this Report

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

This report is intended solely for the information and use of the Board of Directors and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
August 25, 2023

LOUISIANA BLACK HISTORY HALL OF FAME
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2022

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) A significant deficiency in internal controls was disclosed by the audit of financial statements: **None.**

C) Material weakness: **2022-002**

D) Noncompliance which is material to the financial statements: **2022-001.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2022-001, and 2022-002**

3) Findings relating to compliance reported in accordance with *Government Auditing Standards*: **2022-001.**

LOUISIANA BLACK HISTORY HALL OF FAME

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2022

4) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS:

2022-001 State Audit Law

Fiscal Year Finding Originated: 2022

Condition: The audited financial statements of the Organization were not submitted in the period prescribed by Louisiana Revised Statute (R.S.) 24:513.

Criteria: Local auditees subject to the reporting requirements of the Louisiana Legislative Auditor (LLA) are required to complete their annual audit within six months after their fiscal year-end.

Cause: During 2022, the Organization received an increase in public funds which resulted in the Organization being required to file audited financial statements to the LLA as opposed to reviewed financial statements. Due to scheduling conflicts, the Organization was unable to complete its financial statement audit within the six-month period following their fiscal year-end.

Effect: The Organization requested an extension from the LLA, which was approved, but the Organization was not in compliance with R.S. 24:513.

Recommendation: We recommend that the Organization implement procedures to enhance the process of identifying the required service to be performed over its annual financial statements to remain in compliance with R.S. 24:513.

Views of responsible officials: Management concurs with this matter and has begun the implementation of the aforementioned recommendation to improve the timeliness of completing its reporting requirements to the LLA.

2022-002 Internal Controls Over Financial Reporting

Fiscal Year Finding Originated: 2022

Condition: Internal controls over financial reporting should be designed and operated so that management or employees, in the normal course of performing their assigned functions, can prevent, or detect and correct, misstatements on a timely basis.

Criteria: The Organization did not record appropriate year end adjusting entries to fairly state the financial statements in accordance with generally accepted accounting principles.

Cause: The Organization incurred construction costs during the 2022 fiscal year that were not appropriately accrued at year end. Additionally, these costs were remitted for reimbursements for grants whereas the related accrual for grant revenue was not appropriately recorded.

Effect: Significant audit adjustments were required to fairly state the Organization's financial statements in accordance with generally accepted accounting principles. The misstatements are as follows:

- Construction in progress was understated by approximately \$225,000
- Contracts payable was understated by approximately \$185,000
- Retainage payable was understated by approximately \$39,500
- Grant revenues and grant receivables were understated by approximately \$225,000, respectively

Recommendation: The Organization should implement internal controls over financial reporting to ensure their financial statements are fairly presented in accordance with generally accepted accounting principles. Specifically, the internal controls over financial reporting should ensure appropriate accruals are made for any expenses or costs incurred during the fiscal year but paid subsequent to year end, and any related grant reimbursements for such expenses or costs are also recorded at the end of the fiscal year.

Views of responsible officials: Management agrees with the recommendation and will take the necessary steps to ensure internal controls over financial reporting address appropriate year end accruals and necessary adjustments.

LOUISIANA BLACK HISTORY HALL OF FAME
SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2022

5) FINDINGS - FINANCIAL STATEMENT AUDIT

None.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

For the year ended December 31, 2022

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

To the Board of Directors of
the Louisiana Black History Hall of Fame
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. The **LOUISIANA BLACK HISTORY HALL OF FAME** (Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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.
 - 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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - 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).

- 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(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards** (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- 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.

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.
 - 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 comprised more than 10% of the entity's collections during the fiscal period.*
 - 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.
- 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.

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

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).
- 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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - 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, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5) Non-Payroll Disbursements (excluding card purchases/payments, 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).
- B. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
 - 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.

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

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

- i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 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. 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.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 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.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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, 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 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).
- ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- 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
- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - 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.
 - 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).
 - iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - 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 the invoice and related payment agreed to the terms and conditions of the contract.

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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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 State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- 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).

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

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, 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 government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- 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.

14) Sexual Harassment

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 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 it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

LOUISIANA BLACK HISTORY HALL OF FAME

Baton Rouge, Louisiana

SCHEDULE OF ASSOCIATED FINDINGS

For the year ended December 31, 2022

Exceptions:

No exceptions were found as a result of applying the procedures listed above, except as follows:

Written Policies and Procedures:

1-i Budgeting – The Organization has no written policy on preparing, adopting, monitoring, and amending the budget.

1-v (1)(2)(3) Payroll/Personnel – The Organization has no written policy on payroll/personnel.

1-vii (1)(2)(3)(4) Travel and expense reimbursement – The Organization has no written policy on travel and expense reimbursements.

1-ix (3) Ethics – The Organization does not have a documented system to monitor possible ethics violations.

1-xi (1)(2)(3)(4)(5)(6) IT Disaster Recover/Business Continuity – The Organization has no written policy on disaster recovery/business continuity.

1-xii (2)(3) Sexual Harassment – The Organization has no written policy for annual employee training or annual reporting on sexual harassment.

Bank Reconciliations:

3-i The Organization’s bank reconciliations did not include evidence that they were prepared within 2 months of the related statement closing.

3-ii The Organization’s bank reconciliations did not include evidence that a member of management with no involvement reviewed each bank reconciliation.

Information Technology Disaster Recovery/Business Continuity:

13-A, B We performed the related procedures and discussed the results with management.

Management’s Response

The Board of Directors of the Organization concurs with the exceptions and are working to address the exceptions identified.

We were engaged by the Organization 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 the Organization and to meet our other ethical responsibilities, in accordance with 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.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
August 25, 2023