YouthForce NOLA

Audits of Financial Statements

December 31, 2023 and 2022

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
YouthForce NOLA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of YouthForce NOLA (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Title 2 U.S.* Code of Federal Regulations *Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the schedules are 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 June 26, 2024 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 26, 2024

YouthForce NOLA
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	$ 3,502,721	$ 2,308,735
Accounts Receivable	114,802	114,838
Contributions Receivable	151,100	128,900
Grants Receivable	944,196	3,982,842
Prepaid Expenses	26,262	22,388
Deposits	5,000	24,022
Total Current Assets	4,744,081	6,581,725
Other Assets		
Operating Lease Right-of-Use Assets, Net	77,729	180,613
Fixed Assets, Net	46,105	53,430
Total Other Assets	123,834	234,043
Total Assets	$ 4,867,915	$ 6,815,768
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$ 319,726	$ 236,571
Accrued Expenses	185,491	152,004
Deferred Revenue	416,975	-
Operating Lease Liabilities, Current Portion	80,091	106,034
Total Current Liabilities	1,002,283	494,609
Operating Lease Liabilities, Less Current Portion	-	80,090
Total Liabilities	1,002,283	574,699
Net Assets		
Without Donor Restrictions		
Board Designated	78,555	763,059
Undesignated	1,878,190	1,113,908
With Donor Restrictions	1,908,887	4,364,102
Total Net Assets	3,865,632	6,241,069
Total Liabilities and Net Assets	$ 4,867,915	$ 6,815,768

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

YouthForce NOLA
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Direct Public Grants and Contributions	$ 1,003,267	$ 3,308,430	$ 4,311,697
Contract Revenue	472,075	-	472,075
Interest Income	25,339	20,314	45,653
Net Assets Released from Restrictions	5,783,959	(5,783,959)	-
Total Revenue, Gains, and Other Support	7,284,640	(2,455,215)	4,829,425
Expenses			
Program Services	5,836,686	-	5,836,686
Management and General	1,165,516	-	1,165,516
Fundraising	202,660	-	202,660
Total Expenses	7,204,862	-	7,204,862
Change in Net Assets	79,778	(2,455,215)	(2,375,437)
Net Assets, Beginning of Year	1,876,967	4,364,102	6,241,069
Net Assets, End of Year	$ 1,956,745	$ 1,908,887	$ 3,865,632

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

YouthForce NOLA
Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Direct Public Grants and Contributions	$ 1,582,607	$ 7,346,258	$ 8,928,865
Contract Revenue	48,500	-	48,500
Interest Income	196	3,259	3,455
Employee Retention Credit Income	148,520	-	148,520
Net Assets Released from Restrictions	6,190,784	(6,190,784)	-
Total Revenue, Gains, and Other Support	7,970,607	1,158,733	9,129,340
Expenses			
Program Services	6,375,050	-	6,375,050
Management and General	1,096,805	-	1,096,805
Fundraising	127,138	-	127,138
Total Expenses	7,598,993	-	7,598,993
Change in Net Assets	371,614	1,158,733	1,530,347
Net Assets, Beginning of Year	1,505,353	3,205,369	4,710,722
Net Assets, End of Year	$ 1,876,967	$ 4,364,102	$ 6,241,069

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

YouthForce NOLA
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services										Supporting Services		
	School Engagement and Capacity	Employer Engagement and Capacity	Internship and Soft Skills	Training Provider Capacity	Family Engagement and Communication	Strategic Alignment	Connect	LAUNCH	Research	Total	Management and General	Fundraising	Total
Payroll Expense	$ 163,676	$ 291,049	$ 844,549	$ 167,445	$ 176,703	$ 917,967	$ -	$ 3,335	$ 68,143	$ 2,632,867	$ 377,775	$ 107,231	$ 3,117,873
Grant Expenses	539,874	80,431	2,712	1,234,417	49	18,450	-	12,375	14,554	1,902,862	2,500	-	1,905,362
Professional Services	8,400	23,913	257,623	103,356	103,513	110,868	-	1,890	65,875	675,438	552,352	88,587	1,316,377
Awards	4,400	20,508	291,964	-	-	-	-	-	-	316,872	-	-	316,872
Conferences and Training	19,678	5,420	91,538	196	150	4,247	-	-	-	121,229	1,589	-	122,818
Occupancy Costs	-	-	-	-	-	-	-	-	-	-	107,138	-	107,138
Travel Expenses	5,122	9,665	39,991	555	3,325	15,348	-	-	2,126	76,132	16,832	1,136	94,100
Office Expenses	779	15,470	24,519	470	6,482	554	-	1,994	-	50,268	28,914	1,885	81,067
Dues and Subscriptions	-	688	19,811	-	4,798	9,267	-	-	-	34,564	18,999	3,821	57,384
Insurance Expense	-	-	-	-	-	-	-	-	-	-	26,247	-	26,247
Office Communications	-	-	14,313	-	294	-	-	-	-	14,607	5,190	-	19,797
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	13,724	-	13,724
Capital Purchases	-	-	1,959	-	-	-	-	1,531	-	3,490	8,216	-	11,706
Contract Labor	-	-	8,357	-	-	-	-	-	-	8,357	-	-	8,357
Bank Service Charge	-	-	-	-	-	-	-	-	-	-	3,500	-	3,500
Repair and Maintenance	-	-	-	-	-	-	-	-	-	-	2,540	-	2,540
Total	$ 741,929	$ 447,144	$ 1,597,336	$ 1,506,439	$ 295,314	$ 1,076,701	$ -	$ 21,125	$ 150,698	$ 5,836,686	$ 1,165,516	$ 202,660	$ 7,204,862

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

YouthForce NOLA
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services										Supporting Services		
	School Engagement and Capacity	Employer Engagement and Capacity	Internship and Soft Skills	Training Provider Capacity	Family Engagement and Communication	Strategic Alignment	Connect	LAUNCH	Research	Total	Management and General	Fundraising	Total
Payroll Expense	$ 163,905	$ 246,285	$ 864,389	$ 150,043	$ 169,037	$ 738,960	$ 115,019	$ 179,682	$ -	$ 2,627,320	$ 299,562	$ 61,455	$ 2,988,337
Grant Expenses	842,326	135,121	17,000	1,459,132	88	4,050	14,750	28,095	-	2,500,562	7,613	-	2,508,175
Professional Services	82,300	298	39,943	92,554	46,264	427,891	2,160	41,011	5,000	737,421	540,347	62,422	1,340,190
Awards	8,640	3,840	239,928	-	-	-	-	-	-	252,408	-	-	252,408
Occupancy Costs	-	-	-	-	-	-	-	15,260	-	15,260	108,489	-	123,749
Office Expenses	4,394	1,443	77,008	652	1,214	4,523	225	3,495	-	92,954	6,213	548	99,715
Dues and Subscriptions	138	177	22,630	138	1,745	580	55	23,994	-	49,457	24,770	572	74,799
Capital Purchases	3,342	2,321	31,183	370	1,622	15,190	353	12,629	-	67,010	4,692	260	71,962
Insurance Expense	150	1,332	17,468	-	5,190	(17,230)	15	492	-	7,417	35,329	559	43,305
Office Communications	-	-	-	-	-	-	-	-	-	-	32,909	-	32,909
Depreciation Expense	-	-	-	-	-	-	-	-	-	-	21,133	-	21,133
Contract Labor	-	4	9,559	-	-	10	2	3,007	-	12,582	5,424	1	18,007
Travel Expenses	-	-	5,807	-	-	(400)	-	189	-	5,596	8,981	1,321	15,898
Conferences and Training	-	-	6,818	-	-	-	-	-	-	6,818	-	-	6,818
Bank Service Charge	-	-	245	-	-	-	-	-	-	245	1,228	-	1,473
Repair and Maintenance	-	-	-	-	-	-	-	-	-	-	115	-	115
Total	$ 1,105,195	$ 390,821	$ 1,331,978	$ 1,702,889	$ 225,160	$ 1,173,574	$ 132,579	$ 307,854	$ 5,000	$ 6,375,050	$ 1,096,805	$ 127,138	$ 7,598,993

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

YouthForce NOLA
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Reconciliation of Changes in Net Assets to Net Cash Flows from Operating Activities		
Changes in Net Assets	$ (2,375,437)	$ 1,530,347
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation Expense	13,724	21,133
(Increase) Decrease in:		
Accounts Receivable	36	(66,838)
Contributions Receivable	(22,200)	(108,900)
Grants Receivable	3,038,646	(2,865,653)
Prepaid Expenses	(3,874)	(5,634)
Deposits	19,022	1,755
Operating Lease Right-of-Use Assets, Net	102,884	(180,613)
Increase (Decrease) in:		
Accounts Payable	83,155	16,884
Accrued Expenses	33,487	(112,662)
Deferred Revenue	416,975	-
Operating Lease Liabilities	(106,033)	186,124
Net Cash Provided by (Used in) Operating Activities	1,200,385	(1,584,057)
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(6,399)	-
Net Cash Used in Investing Activities	(6,399)	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,193,986	(1,584,057)
Cash and Cash Equivalents, Beginning of Year	2,308,735	3,892,792
Cash and Cash Equivalents, End of Year	$ 3,502,721	$ 2,308,735

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

Note 1. Summary of Significant Accounting Policies

Organization

YouthForce NOLA (the Organization) was first established in 2015 as an initiative of Educate Now! with the vision of ensuring that every New Orleans public school graduate is thriving economically as a result of being the most sought after talent for hiring and advancement in our region's high-wage career pathways. Educate Now! was organized on October 27, 2008, as a Louisiana not-for-profit private operating foundation, and was dedicated to the effective and sustainable reform of New Orleans public schools. Effective October 20, 2017, Educate Now! changed its name to YouthForce NOLA (the Organization), and effective January 1, 2018, the Organization was awarded public charity status by the Internal Revenue Service for a 60-month advance ruling period effective until December 31, 2023. Subsequently, effective April 15, 2024, the Organization terminated its foundation status as a private foundation and became a public charity. These changes were effectuated to reflect the Organization's shift to a deeper focus on career readiness for New Orleans public high school students.

The Organization serves as the engine for career-connected learning so New Orleans public school students are ready for college, career, and the future they choose. The Organization fuels a coordinated network of school, community, and business partners who, together, equip public school students with the skills and know-how they need to confidently pursue a wide range of postsecondary opportunities. To date, 1200+ young people have completed a YouthForce NOLA Internship with one of 250+ New Orleans-based employer partners, and 97% got a great job or enrolled in college upon graduation. As a result of the Organization's efforts, New Orleans public school graduates will thrive in meaningful, well-paying careers.

The Organization connects and energizes an ecosystem of postsecondary planning and transition resources, we help ensure that our public school students take the right steps today to successfully navigate pathways that work for their college and career goals and aspirations. Specific programming focuses on three critical growth areas that research indicates lead to professional success: 1) young people get access to coursework through which they earn college credits during high school and/or industry-validated credentials, gaining training in skills that qualify them for a future job; 2) the development of soft skills, the interpersonal habits and skills necessary for success in college and a diverse array of modern workplaces; and 3) the opportunity to apply these first two in the world of work through placement as interns to gain on-the-job experience in a real workplace. Below are the specific program activities that are required to accomplish the three critical growth areas mentioned above:

- <u>School Engagement and Capacity</u>: Capacity building across public K-12 schools in New Orleans, including educator professional learning, site visits, and sub-grants (awarded through an RFP process) to advance career-connected learnings in specific school sites.

Note 1. Summary of Significant Accounting Policies (Continued)

Organization (Continued)

- Employer Engagement and Capacity: Enlisting and preparing volunteers from regional businesses to provide early career awareness for public high school students (e.g., Career Expo, business site visits, panels, etc.), including sub-grant to community organizations to advance career-connected learning opportunities for New Orleans youth.

- Internship and Soft Skills: Provide direct meaningful work experience (e.g., internship) training and placements for public high school juniors and seniors and capacity building of adults that work with public school students (educators, training providers, intern supervisors) to support young people's soft skill development.

- Training Provider Support and Engagement: Building capacity of public colleges/universities and technical training providers, including professional learning and sub-grants (awarded through an RFP process) to advance career-connected learning training opportunities for New Orleans youth.

- Family Engagement and Communication: Engaging families of young people enrolled in New Orleans public schools and communicating the importance and value of career-connected learning more broadly to the general public.

- Strategic Alignment: Data, evaluation, policy, strategic planning; cross-cutting efforts that contribute to multiple other programmatic activities.

- Connect: Talent placement and post-hire supports for alumni of programs YouthForce NOLA supports and operates. This was a new strand of work introduced in 2019 and ended during 2022.

- LAUNCH: Facilitate a post-high school bridge year program for recent completers of New Orleans public high schools. This was a new strand of work introduced in 2019 that transitioned to another partner entity in 2023. It is no longer a part of YouthForce NOLA's work.

- Research: Stay abreast of trends and explore additional avenues to deliver on the YouthForce NOLA's vision and mission including providing technical assistance to mission-aligned organizations that advance career-connected learning.

Note 1. Summary of Significant Accounting Policies (Continued)

Organization (Continued)

Since 2015, the collaborative has effectuated significant successes via these program activities and across all three priority areas. More than 1,200 high school seniors have participated in the Organization's Internship program, in which students participate in 60 hours of transferable, workplace readiness and soft skills training and 90 hours of on-the-job experience at local employers. The Organization has fostered, supported, and promoted opportunities for students to earn industry-based credentials, resulting in a cumulative 3,000+ credentials earned by public high school students, representing a tnfold increase in New Orleans since the Organization's founding. The Organization has created a number of programs, including the Soft Skills Teacher Fellowship and the Soft Skills Community of Practice, that deepen soft skills integration in our education system and shown results such as roughly 90% of employer supervisors stating that the work-readiness of their YouthForce NOLA-trained Interns to be similar to that of an entry-level employee. In addition to the top three guiding goals, the Organization has experienced overall success in changing the "hearts and minds" of our leaders in our education landscape, who have developed a deep belief in career pathway programming.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The financial statement presentation is presented with 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2023 and 2022.

Fixed Assets

Fixed assets purchased with a cost in excess of $2,500 are capitalized and reported at cost at date of acquisition less accumulated depreciation. Donated items are recorded at their fair value on the date of donation.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis, which is five years for furniture.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases
The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the income statement.

The Entity made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, *Leases*. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date or remaining term for leases existing upon the adoption of Topic 842.

Income Taxes
The Organization is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and, therefore, is not subject to income taxes. The Organization follows the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC. There was no unrelated business income for the years ended December 31, 2023 and 2022. Accounting principles generally accepted in the United States of America (U.S. GAAP) provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense included in general and administrative expenses on the statements of activities. There were no interest or penalties recognized for the years ended December 31, 2023 and 2022.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Prior to January 1, 2023, accounts receivable are carried at original invoice amount. Accounts receivable are written off using the direct write-off method as this is materially consistent with the allowance method required by U.S. GAAP. Recoveries of accounts receivable previously written off are recorded when received.

Effective January 1, 2023, the Organization carries its accounts receivable net of an allowance for credit losses. The measurement and recognition of credit losses involves the use of judgment. Management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Organization's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentrations, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Organization's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economic, market, or other circumstances. The Organization may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversals of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate. As of December 31, 2023, the total allowance recorded for credit losses was $-0-.

Grants Receivable

Grants receivable include unconditional commitments from various organizations that are recorded at the net realizable value that is expected to be collected by management. At December 31, 2023 and 2022, no allowance for doubtful accounts was recorded as management expects all grants receivable to be collected. Grants receivable totaled $944,196 and $3,982,842 as of December 31, 2023 and 2022 respectively. No discount has been recorded as there are no amounts due greater than one year. Grants receivable totaled $1,117,189 as of January 1, 2022.

Net Assets

The financial statements report amounts by class of net assets. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. They may be designated for specific purposes by action of the Board of Directors. See Note 3.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor) imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Notes 4 and 5.

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Certain direct public grants are conditioned upon certain performance requirements. Consequently, at December 31, 2023 and 2022, conditional promises to give approximating $150,000 and $17,500, respectively, have not been recognized in the accompanying financial statements.

Included in contract revenue for the years ended December 31, 2023 and 2022 was $333,025 and $2,000, respectively, pertaining to a three year agreement with the City of New Orleans (the City) to coordinate and facilitate summer internships for up to approximately 925 students who reside in Orleans Parish. The performance obligation of ensuring that the students are paid timely and are covered by worker’s compensation is satisfied as the student interns are paid. Any amounts received from the City but not yet paid to the interns are deferred to the period in which they are spent.

Also included in contract revenue for the years ended December 31, 2023 and 2022 was $-0- and $44,000, respectively, of revenue for services provided under the LAUNCH program. The performance obligations under the LAUNCH program contract with local public schools are to place students into classes at tertiary institutions to earn industry credentials. Revenue is recognized once students are enrolled in coursework and payment is made to the tertiary institution for tuition on behalf of the student.

In-Kind Contributions

Donated materials and use of facilities are recorded as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Advertising Costs

Advertising costs are expensed as incurred and totaled $19,499 and $41,375 during the years ended December 31, 2023 and 2022, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. Payroll expense is allocated on the basis of estimates of time and effort.

Recent Accounting Pronouncements - Adopted

As of January 1, 2023, the Organization adopted Accounts Standards Update (ASU) 2016-13, *Measurement of Credit Losses on Financial Instruments*, and all subsequently issued related amendments, which changed the methodology used to recognize impairment of the Organization's contract receivables. Under this ASU, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected to occur over the asset's remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The Organization performed its expected credit loss calculation based on historical contract receivable write-offs, including consideration of then-existing economic conditions and expected future conditions. The Organization deemed that the adoption of ASU 2016-13 was not material to the financial statements; therefore, a cumulative-effect adjustment to record its estimate of the allowance for credit losses upon adoption is not recorded in the accompanying financial statements.

Note 2. Fixed Assets, Net

Fixed assets at December 31st were as follows:

	2023	2022
Furniture	**$ 109,291**	$ 102,892
Less: Accumulated Depreciation	**(63,186)**	(49,462)
Total	**$ 46,105**	$ 53,430

Note 3. Board Designations

As of December 31, 2023 and 2022, $78,555 and $763,059, respectively, were designated by the board for research to continue to explore additional avenues to deliver on the Organization's vision and mission and the LAUNCH program. These board-designated funds can be spent for this program or re-designated for other programs or general operations at the discretion of the Board of Directors.

Note 4. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31st:

	2023	2022
Subject to the Passage of Time or Expenditure for Specified Purpose		
Career Pathways Programming	**$ 297,127**	$ 846,342
General Support for Future Periods	**1,581,760**	3,457,760
YouthForce NOLA Internship	**30,000**	60,000
Total	**$ 1,908,887**	$ 4,364,102

Note 5. Net Assets Released from Restrictions

The following schedule summarizes net assets released from restrictions during the years ended December 31st:

	2023	2022
Career Pathways Programming	**$ 2,334,348**	$ 4,807,333
Passage of Time	**2,996,825**	1,374,951
YouthForce NOLA Internship	**452,786**	8,500
Total	**$ 5,783,959**	$ 6,190,784

Note 6. Revenue from Contracts with Customers

Revenue from contracts with customers is further described in Note 1. The following table provides information about significant changes in the deferred revenue related to contracts for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred Revenue, Beginning of Year	**$ -**	$ -
Revenue Recognized that was Included in Deferred Revenue at the Beginning of the Year	**-**	-
Increase in Deferred Revenue Due to Cash Received During the Year	**750,000**	-
Revenue Recognized on Cash Received During the Year	**(333,025)**	-
Total Deferred Revenue, End of Year	**$ 416,975**	$ -

Note 7. Employee Retention Credit

The Employee Retention Credit (ERC) was originally introduced under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, but was later extended and expanded under the Consolidated Appropriations Act. The ERC is a refundable tax credit against certain employment taxes related to qualified wages, including certain health care costs, an eligible employer paid to employees after March 12, 2020 and before October 1, 2021. The Organization has determined that it qualifies for the ERC program and is eligible for the credit. The Organization has applied for the ERC and has filed amended payroll tax returns for 2020. In accordance with FASB ASC 958-605, the ERC funds are deemed a conditional grant. Conditions for this grant include meeting eligibility requirements and incurring qualifying expenses.

A total of $148,520 was received during the year ended December 31, 2022 related to the ERC. For the year ended December 31, 2022, $148,520 is considered contribution revenue and recognized in the statements of activities as conditions have been substantially met.

Note 8. Leases

The Organization leases office space from a third party through 2024.

Operating lease assets and obligations included in the accompanying statements of financial position as of December 31, 2023 and 2022 are as follows:

	2023	2022
Operating Lease Right-of-Use Assets	$ 77,729	$ 180,613
Lease Obligations Under Operating Leases	$ 80,091	186,124

Maturities of lease obligations as of December 31, 2023 are as follows:

Year Ending December 31,	Amount
2024	$ 80,307
Total Undiscounted Cash Flows	80,307
Less: Imputed Interest	(216)
Lease Obligations Under Operating Leases	$ 80,091

The following table summarizes the weighted-average remaining lease term and discount rate associated with long-term operating leases at December 31, 2023 and 2022:

	2023	2022
Weighted Average Remaining Lease Term (Years)	0.75	1.75
Weighted Average Discount Rate	1%	1%

The Organization recognized $104,339 and $127,363 in lease costs on the accompanying statement of activities for the years ended December 31, 2023 and 2022, respectively.

The following summarizes the supplemental cash flow information related to operating leases recognized during the period ended December 31, 2023 in the statements of cash flows:

	Period Ended December 31, 2023
Cash Paid for Amounts Included in the Measurement of Operating Lease Liabilities (Operating Cash Flows)	$ 107,076

Note 9. Employee Benefit Plans

The Organization converted from a SIMPLE IRA to a 401(k) employee benefit plan in May 2020. All employees that have met the age and service requirements are deemed to be participants. Eligible employees may elect to defer a portion of their annual compensation, limited to statutory requirements determined by law. The Organization may make discretionary contributions to the plan each year. Contributions to the plan totaled $80,768 and $82,633 for the years ended December 31, 2023 and 2022, respectively.

Note 10. Related-Party Transactions

The Organization received contributions totaling $525,000 and $927,000 from board members and a family member of a board member and an organization in which he is a director during the years ended December 31, 2023 and 2022, respectively. The Organization made payments totaling $437,859 and $582,180 to contractors and subgrantees that share common board membership during the years ended December 31, 2023 and 2022, respectively.

Note 11. Concentration of Contributions

During the year ended December 31, 2023, the Organization received revenues from two funding sources which represent approximately 21% of total revenues. During the year ended December 31, 2022, the Organization received revenues from one funding source which represent approximately 45% of total revenues.

Note 12. Concentration of Credit Risk

The Organization maintains its cash accounts at two commercial banks and an electronic commerce company. The Federal Deposit Insurance Corporation (FDIC) covers $250,000 for all depository accounts. The electronic commerce company is not FDIC insured. Amounts on deposit at various times through the year exceeded the federally insured limit. As of December 31, 2023 and 2022, the Organization had cash balances totaling $3,010,927 and $1,839,746, respectively, in excess of federally insured limits. Management believes it is not exposed to any significant credit risk on its balances.

Note 13. Liquidity and Availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and building sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization is in the process of building a reserve of unrestricted, undesignated net assets to meet 90 days of expected operating expenditures in the short term. Financial assets in excess of daily cash requirements may be invested in certificates of deposit, money market funds and/or other short-term investments.

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, consists of unrestricted and undesignated cash totaling $511,508 and $702,188 as of December 31, 2023 and 2022, respectively.

Note 14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2024, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

YouthForce NOLA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2023

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 governmental 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 receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head
Cate Swinburn, President

Purpose	**Amount**
Salary	$0
Bonus	$0
Benefits - Insurance	$0
Benefits - Retirement	$0
Benefits - Other	$0
Car Allowance	$0
Vehicle Provided by Organization	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Continuing Professional Education Fees	$0
Miscellaneous Expenses	$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
YouthForce NOLA

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 (*Government Auditing Standards)*, the financial statements of YouthForce NOLA (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2024.

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) 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 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 26, 2024

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REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Directors
YouthForce NOLA

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited YouthForce NOLA's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2023. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 26, 2024

YouthForce NOLA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
United States Treasury				
Passed through the City of New Orleans' Office of Workforce Development				
City of New Orleans ARPA Funds (COVID-19)	21.027	N/A	$ -	$ 122,687
United States Department of Education				
Passed through the Louisiana Department of Education				
21st Century Community Learning Centers	84.287C	N/A	308,701	1,011,606
Education Innovation and Research	84.411C	N/A	300,001	682,877
Total United States Department of Education			608,702	1,694,483
Americorps				
State and National Grants	94.006	N/A	-	8,869
Total Expenditures of Federal Awards			$ 608,702	$ 1,826,039

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of YouthForce NOLA (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flow of the Organization

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The Organization uses indirect cost rates negotiated and approved by the grant awarding agencies, and has elected not to use the 10% de minimis indirect cost rate as provided for in Section 200.414 of the Uniform Guidance.

Part I - Summary of Auditor's Results

Financial Statement Section

1.	Type of auditor's report	Unmodified
2.	Compliance and internal control over financial reporting	
	a. Material weaknesses identified?	None
	b. Significant deficiencies identified not considered to be material weaknesses?	None
	c. Noncompliance noted?	None

Federal Awards Section

3.	Type of auditor's report issued on compliance for major programs	Unmodified
4.	Internal control over major programs	
a.	Material weaknesses identified?	None
b.	Significant deficiencies identified not considered to be material weaknesses?	None
5.	Audit findings disclosed that are required in accordance with the Uniform Guidance	None
6.	Identification of major programs	
	84.287C - 21st Century Community Learning Centers	
7.	Dollar threshold used to distinguish between Type A and B programs	$750,000
8.	Auditee qualified as a low-risk auditee under the Uniform Guidance	No

Part II - Financial Statement Findings Section

None.

Part III - Federal Award Findings and Questioned Costs Section

None.

Part I - Financial Statement Findings Section

None.

Part II - Federal Award Findings and Questioned Costs Section

None.

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AGREED-UPON PROCEDURES REPORT

YouthForce NOLA

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2023 - December 31, 2023

To the Board of Directors
YouthForce NOLA 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) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2023 through December 31, 2023. YouthForce NOLA (the Organization) management is responsible for those C/C areas identified in the SAUPs.

YouthForce NOLA 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 the LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, the 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 that 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.

Results: No exceptions were noted as a result of performing these procedures. Ethics procedure is not applicable.

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

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.

Results: No exceptions were noted as a result of performing these procedures.

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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

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

Results: No exceptions were noted as a result of performing these procedures.

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 that 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 Bank Reconciliations procedure #3A 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 that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

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

Results: No exceptions were noted as a result of performing these procedures.

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 procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, 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 employee/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 procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, 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, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

   <u>Results</u>: No exceptions were noted as a result of performing these procedures.

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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

   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 #6B above, <u>excluding fuel cards</u>, 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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

   <u>Results</u>: No exceptions were noted as a result of performing these procedures.

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 that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (<u>www.gsa.gov</u>).

   ii. If reimbursed using actual costs, observe that 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 policy (procedure #1A(vii); and

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

Results: No exceptions were noted as a result of performing these procedures.

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 that 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 that 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 that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of performing these procedures.

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 procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

ii. Observe that supervisors approved the attendance and leave of the selected employees or officials.

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

iv. Observe that 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.

Results: No exceptions were noted as a result of performing these procedures.

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 that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

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

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

Not applicable.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

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).

Not applicable.

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

Results: No exceptions were noted as a result of performing these procedures.

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 that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

   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.

   iv. 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.

B. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment

Results: We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

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

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1st, and observe that 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.

Not applicable.

We were engaged by YouthForce NOLA 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 YouthForce NOLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 26, 2024