

**VOLUNTEERS OF AMERICA
SOUTH CENTRAL LOUISIANA, INC.
AND HUMAN SERVICES OF GREATER
BATON ROUGE, INC.**

Audits of Consolidated Financial Statements

June 30, 2023 and 2022



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Independent Auditor's Report

To the Board of Directors
Volunteers of America South Central Louisiana Inc. and
Human Services of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Opinion

We have audited the consolidated financial statements of Volunteers of America South Central Louisiana, Inc and Human Services of Greater Baton Rouge, Inc. (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 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. 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to agency head, the consolidating schedules listed in the table of contents, and 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*, are 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 audits 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 accompanying supplementary information as listed in the table of contents 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 October 30, 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.



A Professional Accounting Corporation

Covington, LA
October 30, 2023

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
Consolidated Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,024,534	\$ 1,485,477
Accounts Receivable, Net of Allowance for Doubtful		
Accounts of \$205,000 at 2023 and \$203,028 at 2022	3,049,464	2,999,328
Pledges Receivable Current, Net	50,603	54,093
Prepaid Expenses	685,271	535,562
Total Current Assets	4,809,872	5,074,460
Fixed Assets, Net	2,156,847	2,064,353
Other Assets		
Investments	5,261,552	4,959,544
Pledges Receivable - Long-Term, Net	66,095	72,848
Intangible Assets	150,000	150,000
Right-of-Use Assets - Operating Leases	4,096,510	-
Right-of-Use Assets - Finance Leases	49,050	-
Other Assets	45,764	45,764
Total Other Assets	9,668,971	5,228,156
Total Assets	\$ 16,635,690	\$ 12,366,969

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
Consolidated Statements of Financial Position (Continued)
June 30, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 493,743	\$ 592,282
Accrued Expenses	1,029,431	1,365,524
Operating Lease Liabilities, Current Portion	405,858	-
Finance Lease Liabilities, Current Portion	15,136	-
Long-Term Debt, Current Portion	415,945	348,554
Total Current Liabilities	2,360,113	2,306,360
Long-Term Liabilities		
Operating Lease Liabilities, Less Current Portion	3,744,193	-
Finance Lease Liabilities, Less Current Portion	33,295	-
Long-Term Debt, Less Current Portion	-	46,792
Total Long-Term Liabilities	3,777,488	46,792
Total Liabilities	6,137,601	2,353,152
Net Assets		
Net Assets Without Donor Restrictions	10,058,754	9,606,144
Net Assets With Donor Restrictions	439,335	407,673
Total Net Assets	10,498,089	10,013,817
Total Liabilities and Net Assets	\$ 16,635,690	\$ 12,366,969

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
Consolidated Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public Support Received Directly			
Contributions	\$ 905,025	\$ -	\$ 905,025
Contributions, In-Kind	302,154	-	302,154
Public Support Received Indirectly			
United Way Allocations	154,327	-	154,327
Total Public Support	1,361,506	-	1,361,506
Revenues and Grants from Governmental Agencies	18,688,455	-	18,688,455
Other Revenue			
Program Service Fees	434,673	-	434,673
Rental Income	184,658	-	184,658
Miscellaneous	76,827	-	76,827
Total Other Revenue	696,158	-	696,158
Total Revenue, Support, and Gains	20,746,119	-	20,746,119
Operating Expenses			
Program Services			
Encouraging Positive Development	5,405,162	-	5,405,162
Fostering Independence	7,989,811	-	7,989,811
Promoting Self-Sufficiency	3,993,467	-	3,993,467
Total Program Services	17,388,440	-	17,388,440
Supporting Services			
Management and General	3,082,300	-	3,082,300
Fundraising	220,141	-	220,141
Total Supporting Services	3,302,441	-	3,302,441
Total Operating Expenses	20,690,881	-	20,690,881
Surplus from Operations	55,238	-	55,238
Other Activities			
Net Investment Return	217,303	31,662	248,965
Insurance Proceeds	180,069	-	180,069
Surplus from Other Activities	397,372	31,662	429,034
Change in Net Assets	452,610	31,662	484,272
Net Assets, Beginning of Year	9,606,144	407,673	10,013,817
Net Assets, End of Year	\$ 10,058,754	\$ 439,335	\$ 10,498,089

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
Consolidated Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Public Support Received Directly			
Contributions	\$ 4,971,445	\$ -	\$ 4,971,445
Contributions, In-Kind	256,698	-	256,698
Public Support Received Indirectly			
United Way Allocations	11,069	-	11,069
Total Public Support	5,239,212	-	5,239,212
Revenues and Grants from Governmental Agencies	16,797,170	-	16,797,170
Other Revenue			
Program Service Fees	379,179	-	379,179
Rental Income	169,444	-	169,444
Miscellaneous	28,518	-	28,518
Total Other Revenue	577,141	-	577,141
Total Revenue, Support, and Gains	22,613,523	-	22,613,523
Operating Expenses			
Program Services			
Encouraging Positive Development	6,169,914	-	6,169,914
Fostering Independence	6,983,964	-	6,983,964
Promoting Self-Sufficiency	2,641,240	-	2,641,240
Total Program Services	15,795,118	-	15,795,118
Supporting Services			
Management and General	2,676,692	-	2,676,692
Fundraising	563,041	-	563,041
Total Supporting Services	3,239,733	-	3,239,733
Total Operating Expenses	19,034,851	-	19,034,851
Surplus from Operations	3,578,672	-	3,578,672
Other Activities			
Net Investment Return	(446,888)	(61,088)	(507,976)
Loss on Disposition of Asset	(37,739)	-	(37,739)
Deficit from Other Activities	(484,627)	(61,088)	(545,715)
Change in Net Assets	3,094,045	(61,088)	3,032,957
Net Assets, Beginning of Year	6,512,099	468,761	6,980,860
Net Assets, End of Year	\$ 9,606,144	\$ 407,673	\$ 10,013,817

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023**

	Program Services				Supporting Services			2023 Total
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Subtotal	Management and General	Fundraising	Subtotal	
Salaries and Wages	\$ 2,094,843	\$ 5,040,011	\$ 1,116,145	\$ 8,250,999	\$ 1,468,620	\$ 134,285	\$ 1,602,905	\$ 9,853,904
Employee Benefits	275,972	680,163	156,913	1,113,048	163,290	13,797	177,087	1,290,135
Professional Services	399,026	432,020	138,368	969,414	853,544	49,604	903,148	1,872,562
Occupancy Expenses	88,816	128,804	194,835	412,455	92,200	164	92,364	504,819
Specific Assistance to Individuals	1,189,330	807,082	2,068,349	4,064,761	331	-	331	4,065,092
Program Supplies and Equipment	876,852	145,489	52,007	1,074,348	36,988	6,579	43,567	1,117,915
Office Supplies and Expenses	232,428	524,921	191,610	948,959	216,737	15,362	232,099	1,181,058
Travel, Conferences, and Meetings	190,413	155,973	61,082	407,468	96,094	350	96,444	503,912
Depreciation	44,742	47,192	5,358	97,292	74,856	-	74,856	172,148
Interest	-	-	-	-	5,544	-	5,544	5,544
Other	12,740	28,156	8,800	49,696	74,096	-	74,096	123,792
Total	\$ 5,405,162	\$ 7,989,811	\$ 3,993,467	\$ 17,388,440	\$ 3,082,300	\$ 220,141	\$ 3,302,441	\$ 20,690,881

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022**

	Program Services				Supporting Services			2022 Total
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Subtotal	Management and General	Fundraising	Subtotal	
Salaries and Wages	\$ 1,746,130	\$ 4,446,965	\$ 838,063	\$ 7,031,158	\$ 1,204,593	\$ 174,307	\$ 1,378,900	\$ 8,410,058
Employee Benefits	216,202	576,854	108,365	901,421	129,958	17,256	147,214	1,048,635
Professional Services	318,658	474,670	81,989	875,317	751,229	60,695	811,924	1,687,241
Occupancy Expenses	38,957	90,813	170,681	300,451	70,445	111	70,556	371,007
Specific Assistance to Individuals	1,013,412	566,416	1,291,834	2,871,662	1,980	269,950	271,930	3,143,592
Program Supplies and Equipment	2,548,509	243,286	50,536	2,842,331	51,855	38,170	90,025	2,932,356
Office Supplies and Expenses	81,612	379,619	42,518	503,749	179,555	1,900	181,455	685,204
Travel, Conferences, and Meetings	150,660	113,816	15,083	279,559	91,224	242	91,466	371,025
Depreciation	46,074	52,378	42,033	140,485	45,734	-	45,734	186,219
Interest	-	-	-	-	3,244	-	3,244	3,244
Other	9,700	39,147	138	48,985	146,875	410	147,285	196,270
Total	\$ 6,169,914	\$ 6,983,964	\$ 2,641,240	\$ 15,795,118	\$ 2,676,692	\$ 563,041	\$ 3,239,733	\$ 19,034,851

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 484,272	\$ 3,032,957
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	172,147	186,219
Net Realized and Unrealized (Gain) Loss on Investments	(121,907)	570,229
Loss on Disposition of Asset	-	37,739
Bad Debt Expense	87,882	155,859
(Increase) Decrease in Operating Assets		
Accounts Receivable, Net	(138,018)	(1,067,216)
Pledges Receivable, Net	10,243	(34,960)
Prepaid Expenses	258,464	166,741
Right-of-Use Assets - Operating Leases	398,282	-
Other Assets	-	(206)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(98,539)	138,003
Operating Lease Liability	(344,741)	-
Accrued Expenses	(336,093)	302,269
Net Cash Provided by Operating Activities	371,992	3,487,634
Cash Flows from Investing Activities		
Purchase of Fixed Assets	(263,377)	(1,079,653)
Purchase of Intangible Asset	-	(150,000)
Proceeds from Sale of Fixed Assets	-	271,225
Purchases of Investments	(987,504)	(6,043,473)
Proceeds from Sales of Investments	807,405	1,456,637
Net Cash Used in Investing Activities	(443,476)	(5,545,264)

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

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidated Statements of Cash Flows (Continued)
For the Years Ended June 30, 2023 and 2022**

	2023	2022
Cash Flows from Financing Activities		
Proceeds from Issuance of Debt	-	130,781
Repayments of Debt	(387,574)	(402,066)
Principal Payments on Finance Leases	(1,884)	-
Net Cash Used in Financing Activities	(389,458)	(271,285)
Net Decrease in Cash and Cash Equivalents	(460,942)	(2,328,915)
Cash and Cash Equivalents, Beginning of Year	1,485,477	3,814,392
Cash and Cash Equivalents, End of Year	\$ 1,024,534	\$ 1,485,477
Supplemental Disclosure of Cash Flow Information		
Cash Payments for Interest	\$ 5,544	\$ 3,244
Supplemental Disclosures of Non-Cash Transactions		
Financed Insurance Premiums	\$ 408,173	\$ 326,137
Non-Cash Sale of Fixed Assets	\$ -	\$ 253,006
Recognition of Operating Lease Right-of-Use Assets	\$ 4,494,792	\$ -
Operating Lease Liability Arising from Right-of-Use Assets	\$ 4,494,792	\$ -
Finance Lease Liability Arising from Right-of-Use Assets	\$ 50,315	\$ -

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

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.

Notes to Consolidated Financial Statements

Note 1. Organization

Volunteers of America, Greater Baton Rouge, Inc. officially changed its name to Volunteers of America South Central Louisiana, Inc. effective June 27, 2022. Volunteers of America South Central Louisiana, Inc. is a nonprofit faith based human services organization, recognized as a church, incorporated in the State of Louisiana that provides social services within the Greater Baton Rouge, Acadiana, and Southwest Louisiana areas under a charter from Volunteers of America, Inc., a national nonprofit faith based organization providing local human service programs, and opportunities for individual and community involvement. Human Services of Greater Baton Rouge, Inc. is a nonprofit organization incorporated in the State of Louisiana which operates as a property holding corporation for Volunteers of America South Central Louisiana, Inc.

The following is a list of the Impact Areas and the program services provided in each:

Encouraging Positive Development

Volunteers of America South Central Louisiana, Inc and Human Services of Greater Baton Rouge, Inc. (the Organization) provides services to encourage positive development for troubled and at-risk children and youth, while also promoting the healthy development of all children, adolescents, and their families. These programs provide a continuum of care and support for young people ages birth to 21 through prevention, early intervention, crisis intervention, and long-term services. This affiliate provides children and youth services.

Fostering Independence

The Organization fosters the health and independence of the elderly and persons with disabilities, mental illness, and HIV/AIDS through quality affordable housing, health care services, and a wide range of community services. This affiliate provides disability, elderly, health care, housing, and mental health services.

Promoting Self-Sufficiency

The Organization promotes self-sufficiency for individuals and families who have experienced homelessness, or other personal crisis, including chemical dependency, involvement with the corrections system and unemployment. They focus on solution-oriented approaches, using a continuum of services from prevention to intervention to long-term support. This affiliate provides community enhancement, correctional, health care, homeless, and housing services.

Management and General

This supporting service facilitates and coordinates the operations of the Organization and is used to fund operations of the Organization that are not directly covered by specific programs administered by the Organization.

Fundraising

This supporting service facilitates and coordinates the fundraising activities of the Organization. Its activities primarily consist of fundraising activities.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying financial statements include the consolidated accounts of Volunteers of America South Central Louisiana, Inc. and the related organization, Human Services of Greater Baton Rouge, Inc. All significant intercompany transactions have been eliminated.

Accounting principles generally accepted in the United States of America require consolidation of all entities that an Organization has both control over and an economic interest in. Volunteers of America South Central Louisiana, Inc. effectively controls the other organization's Board of Directors, and distributions made by the other organization are for the benefit of Volunteers of America South Central Louisiana, Inc.

Basis of Accounting

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to voluntary health and welfare organizations. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

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

As of June 30, 2023 and 2022, there was \$439,335 and \$407,673, respectively, of net assets with donor restrictions.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements, or otherwise designated or restricted. The carrying amount approximates fair value because of the short-term maturity of those instruments.

Accounts Receivable

The Organization's accounts receivable are primarily due from customers and third-party payors and are recorded net of allowances for bad debts.

The opening balance in accounts receivable as of July 1, 2021, totaled \$2,087,971.

Allowances for Collection Losses

The allowance for collection losses is maintained at levels which are adequate to absorb reasonably foreseeable losses based on management's evaluation of outstanding balances and current economic conditions. The accounts receivable allowance was \$205,000 and \$203,028 at June 30, 2023 and 2022, respectively.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. See Note 18 for discussion of fair value measurement. Net investment return (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets.

Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible promises for unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fixed Assets

Land, buildings, and equipment purchased by the Organization are recorded at cost. The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line method based upon the estimated useful lives of the assets.

The Organization expenses purchases of property bought with funds from cost reimbursement grants from various State and Federal agencies. Special provisions contained in the State contracts specify that ownership of all property purchased shall revert back to the grantor after a specified term or under certain conditions pursuant to the contractual agreement.

Depreciation and amortization are computed using the straight-line method based upon the following estimated useful lives of the assets:

Building and Improvements	15 - 30 Years
Vehicles	5 Years
Furniture and Equipment	5 - 10 Years

Intangible Assets

Intangible assets totaling \$150,000 consisted of bed rights purchased by the Organization. Generally accepted accounting principles require that the value of the bed rights be evaluated annually to determine whether the amount reflected in the consolidated statements of financial position as an asset has been impaired. In management's opinion, there has been no impairment to the value of the bed rights during the year ended June 30, 2023.

Revenue Recognition

The Organization's revenue is primarily from public support, contributions, grants, rental income, and program service fees.

In May 2014, the FASB issued ASC Topic 606, *Revenue from Contracts with Customers*, which introduced a five-step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. The model identifies the contract, any separate performance obligations in the contract, determines the transaction price, allocates the transaction price, and recognizes revenue when the performance obligations are satisfied. However, this standard does not affect revenue streams that are addressed by other standards such as leases under Topic 842 and contributions under Topic 958. Consequently, the new standard did not impact the timing of revenue recognition for grants and rental income. Management determined that the new standard applies to revenues from public support and program service fees.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Organization's rental income is derived from the leasing of commercial and residential properties and is accounted for on an accrual basis in accordance with Topic 842. Lease agreements may include escalation provisions, and as such, rental income is recognized on a straight-line basis with an offset to straight-line rent receivables.

Grants and donations received from private foundations and nonprofit entities are accounted in accordance Topic 958. Contributions are recognized when received. Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Public support revenue and program service fee revenue are accounted for in accordance with Topic 606.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. As of June 30, 2023 and 2022, there have been no cost reimbursable grants received in advance of qualifying expenditures.

Program service fees are earned for managing the operations of real estate assets and are generally based on a fixed percentage of the revenues generated from the respective real estate assets. Program service fees are recorded based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents.

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND HUMAN SERVICES OF GREATER BATON ROUGE, INC.

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Federal Income Taxes

Under provision of Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Louisiana, Volunteers of America South Central Louisiana, Inc. and Human Services of Greater Baton Rouge, Inc. are exempt from income taxes, except for net income from unrelated business income, as subordinate units of Volunteers of America, Inc. Volunteers of America, Inc. is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code as a religious organization described in Section 501(c)(3). There were no unrelated business activities in 2023 or 2022. Accordingly, no tax expense was incurred during the years ended June 30, 2023 and 2022.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Advertising Expenses

The Organization expenses the costs of advertising as incurred. There were no advertising expenses for the years ended June 30, 2023 and 2022.

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the various functions based on the recording of expenses to individual cost centers assigned to each functional expense category. Estimated allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and wages and employee benefits based on management's best estimate of time and effort spent on these cost centers and certain insurance expenses included in professional services are allocated based on actual costs incurred in the various program and supportive services.

Summary Financial Information for 2022

The financial statements and supplementary information for the year ended June 30, 2023 contain certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements and related notes of the financial statements for the year ended June 30, 2022, from which the summarized information was derived.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Implementation of Accounting Pronouncement

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement 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. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

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 Organization 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 made an accounting policy election available under Topic 842 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 July 1, 2022, for existing leases upon the adoption of Topic 842). 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.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Implementation of Accounting Pronouncement (Continued)

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.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities related to the Organization's operating leases of approximately \$4.5 million at July 1, 2022. The adoption of the new lease standard did not materially impact the consolidated statements of activities or consolidated statements of cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses.

The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. ASU 2016-13 is effective for the Organization as of July 1, 2023. The Organization is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and does not expect the impact to be significant.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 3. Liquidity and Availability

The following reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. The Organization's goal is to maintain liquid financial assets to meet 90 days of operating expenses. The Organization has a \$1,000,000 line of credit and a line of credit in an amount not to exceed 50% of its asset value in the Volunteers of America National Pooled Investment interest available to meet cash flow needs. There are no outstanding balances on these lines of credit at June 30, 2023.

Financial Assets at June 30, 2023

Cash and Cash Equivalents	\$ 1,024,534
Accounts and Pledge Receivables, Current	<u>3,100,067</u>
	4,124,601
Less: Those Unavailable for General Expenditures Within One Year, Due to Net Assets with Donor Restrictions	<u>(439,335)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,685,266</u>

Note 4. In-Kind Contributions

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2023	2022
Clothing	\$ 20,703	\$ 14,434
Toys	13,095	27,238
Food	19,620	20,385
Gifts	49,349	-
Furniture	10,995	38,695
Household Goods	117,434	105,096
Rent	48,000	48,550
Services	22,958	2,300
Total	<u>\$ 302,154</u>	<u>\$ 256,698</u>

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 4. In-Kind Contributions (Continued)

Volunteers of America South Central Louisiana, Inc. recognized contributed nonfinancial assets within revenue, including contributed clothing, toys, food, gifts, furniture, household goods, rent, and services. Unless otherwise noted, contributed non-financial assets did not have donor-imposed restrictions. The Organization does not sell donated gifts in kind and only uses services, goods, and facilities for its own programs or supporting service activities.

Clothing, toys, food, gifts, furniture, household goods, and services were valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a "like-kind" methodology, considering the utility of the goods or services at the time of the contribution. Contributed rent was valued using like-kind methodology for similar size facilities in the Baton Rouge, Louisiana area.

Note 5. Pledges Receivable

At June 30, 2023 and 2022, amounts included in pledges receivable were as follows:

	2023	2022
Pledges Receivable	\$ 147,622	\$ 150,235
Less: Allowance for Uncollectible Amounts	(15,097)	(15,024)
Less: Discount to Present Value	(15,827)	(8,270)
Pledges Receivable, Net	\$ 116,698	\$ 126,941

Amounts due are as follows:

Year Ending June 30,	Amount
2024	\$ 59,284
2025	36,170
2026	23,564
2027	18,156
2028	10,448
Total	\$ 147,622

Pledges receivable due in more than one year are discounted at 5.13%.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 6. Concentration of Credit Risk

Included in receivables are amounts due for program services provided to various agencies of the State of Louisiana and grant funds due from federal and state agencies. Allowances are provided for amounts estimated by management as uncollectible.

The Organization maintains deposits in financial institutions that at times exceed the insured amount of \$250,000 by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization believes it is not exposed to any significant credit risk to cash. At June 30, 2023 and 2022, the Organization had \$404,950 and \$906,752, respectively, in excess of the FDIC insured limit.

Note 7. Fixed Assets

At June 30, 2023 and 2022, fixed assets consisted of the following:

	2023	2022
Land	\$ 292,255	\$ 292,255
Buildings and Improvements	3,884,569	3,837,574
Vehicles	239,190	239,190
Furniture and Equipment	756,819	717,351
Construction in Progress	229,262	52,348
	<u>5,402,095</u>	<u>5,138,718</u>
Less: Accumulated Depreciation	<u>(3,245,248)</u>	<u>(3,074,365)</u>
Total Fixed Assets, Net	<u>\$ 2,156,847</u>	<u>\$ 2,064,353</u>

Depreciation expense totaled \$170,882 and \$186,219 for the years ended June 30, 2023 and 2022, respectively.

Note 8. Related-Party Transactions

The Organization is affiliated with Volunteers of America, Inc., which provides administrative services to the Organization for a fee. Affiliate fees for the fiscal years ended June 30, 2023 and 2022 totaled \$420,000 and \$462,433, respectively. The Organization also participates in the direct mail and scholastic book campaign sponsored by Volunteers of America, Inc. The Organization has a line of credit from Volunteers of America, Inc. as discussed in Note 11.

Volunteers of America South Central Louisiana, Inc. acts as a management agent for various U.S. Department of Housing and Urban Development (HUD) housing complexes. The total amount due to Volunteers of America South Central Louisiana, Inc. as of June 30, 2023 and 2022 totaled \$623,608 and \$282,220, respectively. This amount is included in accounts receivable in the accompanying financial statements.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 8. Related-Party Transactions (Continued)

The Organization has an amount due from Volunteers of America North Louisiana totaling \$9,035 and \$204,571 at June 30, 2023 and 2022, respectively. This amount is included in accounts receivable in the accompanying financial statements.

Note 9. Endowment Funds

A version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was adopted by the State of Louisiana on July 1, 2010. The new law updated the fundamental investment principles contained in the prior law (UMIFA), by providing standards to establish investment policies in a prudent manner by establishing a duty to minimize cost, diversify the investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decision be made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the Organization. UPMIFA also permits the Organization to accumulate for expenditure so much of an endowment fund as the Organization determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, thereby eliminating the restriction that a fund could not be spent below its historical dollar value. Seven criteria are to be used to guide the Organization in its yearly expenditure decisions:

- Duration and preservation of the endowment funds,
- The purposes of the Organization and the endowment funds,
- General economic conditions,
- Effect of inflation or deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Organization, and
- The investment policy of the Organization.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2022, funds with original gift values of \$377,155, fair values of \$372,572, and deficiencies of \$4,583, were reported in net assets with donor restrictions. These deficiencies primarily resulted from unfavorable market fluctuations that occurred throughout the year ended June 30, 2022. At June 30, 2023 there were no underwater endowment funds.

The Organization has a policy that permits spending from underwater endowments depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no expenditures from underwater endowment funds during the year.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 9. Endowment Funds (Continued)

The Organization has followed the policy of investing its endowment funds in a pooled investment program containing various investment securities. As required by generally accepted accounting principles, and in accordance with the terms of the fund agreements, these endowment funds and the net appreciation (depreciation) of these funds are recorded as net assets with donor restrictions that are perpetual in nature in these financial statements. The historical cost of the net assets associated with the endowment funds will be preserved, and any remaining net depreciation is included in net assets with donor restrictions.

Endowment net asset composition as of June 30, 2023 and 2022 is as follows:

	2023	2022
With Donor Restrictions		
Restricted for Purpose	\$ 29,680	\$ 2,601
Restricted in Perpetuity	<u>379,655</u>	<u>375,072</u>
Total	<u>\$ 409,335</u>	<u>\$ 377,673</u>

Changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows:

	With Donor Restrictions Restricted for Purpose	With Donor Restrictions Restricted in Perpetuity	Total Endowment Net Assets
Endowment Net Assets, July 1, 2022	\$ 2,601	\$ 375,072	\$ 377,673
Investment Income	<u>27,079</u>	<u>4,583</u>	<u>31,662</u>
Endowment Net Assets, June 30, 2023	<u>\$ 29,680</u>	<u>\$ 379,655</u>	<u>\$ 409,335</u>
	With Donor Restrictions Restricted for Purpose	With Donor Restrictions Restricted in Perpetuity	Total Endowment Net Assets
Endowment Net Assets, July 1, 2021	\$ 59,106	\$ 379,655	\$ 438,761
Investment (Loss)	<u>(56,505)</u>	<u>(4,583)</u>	<u>(61,088)</u>
Endowment Net Assets, June 30, 2022	<u>\$ 2,601</u>	<u>\$ 375,072</u>	<u>\$ 377,673</u>

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 10. Notes Payable

The following is a summary of notes payable at June 30, 2023 and 2022:

	2023	2022
Note dated April 14, 2011, payable in monthly installments of \$1,247, of principal and interest at 5.65%, paid off in September 2022. The note is collateralized by land and building on Wooddale Boulevard.	\$ -	\$ 51,505
Financed insurance premium with ten monthly installments of \$42,232, starting August 1, 2023, including interest at 7.49%, maturing May 1, 2024.	408,173	326,137
Note dated December 29, 1994 with the City of Baton Rouge - Parish of East Baton Rouge with an original principal balance of \$198,646 and a 0% interest rate. Loan term is 240 months maturing December 2024. The note is collateralized by land and building on Harry Drive.	7,772	17,704
Total	\$ 415,945	\$ 395,346

Scheduled principal payments due on the above notes payable subsequent to June 30, 2023 are as follows:

Year Ending June 30,	Amount
2024	\$ 415,945
Total	\$ 415,945

Note 11. Lines of Credit

The Organization has a revolving line of credit with b1Bank with a stated maximum of \$1,000,000, which expires on March 15, 2025. The line of credit bears an interest rate of the Wall Street Journal Prime Rate plus .5%. The interest rate at June 30, 2023 was 8.75%. The line of credit is secured by certain properties and accounts receivable, and as of June 30, 2023 and 2022 had no outstanding balance.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 11. Lines of Credit (Continued)

Under its National Pooled Investment Agreement with Volunteers of America, Inc., the Organization may request one or more lines of credit from time to time while a participant in the program in an amount up to 50% of the participant asset value. The Organization agrees to pay interest at the option of (i) the Prime-Based Rate defined as the greater of (A) 1.070% (the Prime Rate Note Floor) or (B) the Prime Rate minus 1.120%, or (ii) the Daily Simple SOFR-Based Rate, defined as the greater of (A) 1.070% (the Daily Simple SOFR Rate Note Floor) or (B) Daily Simple SOFR plus 1.070%. The asset value as of June 30, 2023 and 2022 totaled \$688,295 and \$630,646, respectively, and there are no outstanding draws on this line of credit as of June 30, 2023 and 2022.

Note 12. Leases

Operating Leases

The Organization leases office spaces at various locations, vehicles, and copiers under noncancelable operating leases. Monthly lease payments range from \$28 to \$29,608, expiring through June 2036.

Finance Leases

The Organization also leases copiers under agreements that are classified as finance leases. Monthly lease payments range from \$196 to \$603, expiring through June 2027.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of amortization expense for the ROU assts and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended June 30, 2023.

Operating Lease Cost	\$ 518,980
Finance Lease Cost - Amortization of Right-of-Use Assets	1,265
Finance Lease Cost - Interest on Lease Liabilities	<u>108</u>
Total Lease Cost	<u><u>\$ 520,353</u></u>

Total lease expense for operating leases was \$348,370 for the year ended June 30, 2022.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 12. Leases (Continued)

All leases

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Supplemental consolidated statement of financial position information related to leases is as follows as of June 30, 2023:

Weighted-Average Remaining Lease Term (in Years):

Operating Leases	11.34
Finance Lease	3.41

Weighted-Average Discount Rate Applied (%):

Operating Leases	2.98%
Finance Lease	3.72%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the consolidated statements of financial position are as follows as of June 30, 2023:

Year Ending June 30,	Operating Lease	Finance Lease
2024	\$ 523,319	\$ 16,659
2025	539,828	16,057
2026	428,848	9,428
2027	375,505	9,428
2028	359,850	-
Thereafter	2,696,100	-
Total Lease Payments	4,923,450	51,572
Less: Imputed Interest	(773,399)	(3,141)
Less: Lease Liabilities, Current Portion	(405,858)	(15,136)
Lease Liabilities, Net of Current Portion	\$ 3,744,193	\$ 33,295

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 13. Accrued Annual Leave

The Organization has recorded an estimated liability for accrued leave of an amount based on the total hours of leave accumulated at June 30, 2023 and 2022, times the employee's hourly rate at June 30, 2023 and 2022. Employees accrue hours based upon their length of service. No more than one hundred sixty-eight hours of leave can be carried over from one year to another. As of June 30, 2023 and 2022 accrued leave, totaling \$364,542 and \$350,976, respectively, is included in accrued expenses on the consolidated statements of financial position.

Note 14. Pension Plan for Ministers

The Organization participates in a non-contributory defined benefit pension and retirement plan. The plan is administered through a commercial insurance company and covers all ministers commissioned through December 31, 1999. Pension plan expense totaled \$14,249 and \$15,151 for the years ended June 30, 2023 and 2022, respectively.

Because the plan is a multi-employer plan, the accumulated benefits and net assets available for benefits as they relate solely to the Organization are not readily available.

Note 15. Thrift Plan for Employees

The Organization has a Section 403(b) Thrift Plan that covers all employees with a minimum of one year of service. The Organization matches an amount equal to 50% of the basic employee contributions made by each participant limited to 8% of their wages. The Organization elected a three year cliff vesting option for this plan. The expense for the years ended June 30, 2023 and 2022 totaled \$53,274 and \$52,361, respectively.

Note 16. Commitments and Contingencies

The Organization receives financial assistance directly from federal agencies which are subject to compliance audits under Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and monitoring reviews by the granting agencies. As a result, amounts might be subject to disallowance upon acceptance of the audits and monitoring reviews by the federal granting agencies.

The Organization, in the ordinary course of business, may be involved in various legal proceedings. It is the opinion of the Organization's management that the disposition or ultimate resolution of such proceedings would not have a material effect on the Organization's financial position or the results of operations.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
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Notes to Consolidated Financial Statements

Note 17. Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Current Assets and Liabilities: The Organization considers the carrying amounts of financial instruments classified as current assets and liabilities to be a reasonable estimate of their fair values.

Investments: The fair values of the Organization's marketable equity securities are based on quoted market prices in an active market. The carrying amounts of other investments approximate fair value. See Note 18 for further details.

Long-Term Debt: When practicable to estimate, the fair values of the Organization's long-term financial instruments are based on (a) currently traded values of similar financial instruments, or (b) discounted cash flow methodologies utilizing currently available borrowing rates.

Note 18. Fair Value Measurements

The fair value measurements are based on a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability; and
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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Notes to Consolidated Financial Statements

Note 18. Fair Value Measurements (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is as follows:

- Money market funds, common stocks, mutual funds, corporate bonds, municipal bonds, government agencies, and government bonds, when present, are valued at the closing price reported on the active market on which the individual securities are traded (Level 1 inputs). If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments (Level 2 inputs).

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023 and 2022:

June 30, 2023	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 111,600	\$ -	\$ -	\$ 111,600
Common Stocks	553,562	-	-	553,562
Mutual Funds	2,283,501	-	-	2,283,501
Corporate Bonds	-	221,311	-	221,311
Municipal Bonds	47,235	541,487	-	588,722
Government Agencies	35,877	164,100	-	199,977
Government Bonds	1,039,066	43,897	-	1,082,963
	<u>\$ 4,070,841</u>	<u>\$ 970,795</u>	<u>\$ -</u>	<u>5,041,636</u>
Investments Measured at NAV*				<u>219,916</u>
Investments, at Fair Value				<u>\$ 5,261,552</u>

June 30, 2022	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 100,077	\$ -	\$ -	\$ 100,077
Common Stocks	579,328	-	-	579,328
Mutual Funds	2,083,590	-	-	2,083,590
Corporate Bonds	230,538	25,589	-	256,127
Municipal Bonds	93,512	367,214	-	460,726
Government Agencies	36,220	178,800	-	215,020
Government Bonds	1,108,405	-	-	1,108,405
	<u>\$ 4,231,670</u>	<u>\$ 571,603</u>	<u>\$ -</u>	<u>4,803,273</u>
Investments Measured at NAV*				<u>156,271</u>
Investments, at Fair Value				<u>\$ 4,959,544</u>

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 18. Fair Value Measurements (Continued)

The following tables summarize the investments measured at fair value based on NAV per share as of June 30, 2023 and 2022. The fund descriptions are indicative of their investment strategies.

June 30, 2023	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Funds - Common Stock	\$ 96,200	N/A	Daily	60 days
Funds - Corporate Bonds	75,267	N/A	Daily	60 days
Funds - Government Agencies	33,886	N/A	Daily	60 days
Funds - Real Estate	14,563	N/A	Daily	60 days
	<u>\$ 219,916</u>			

June 30, 2022	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Funds - Common Stock	\$ 25,367	N/A	Daily	60 days
Funds - Corporate Bonds	118,345	N/A	Daily	60 days
Funds - Real Estate	12,559	N/A	Daily	60 days
	<u>\$ 156,271</u>			

Transfers between Levels

For the years ended June 30, 2023 and 2022, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

Note 19. Significant Donors

There were no significant donors for the year ended June 30, 2023. During the year ended June 30, 2022, 18% of the Organization's total revenue, support, and gains were derived from one donor.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Notes to Consolidated Financial Statements

Note 20. Restrictions on Net Assets

At June 30, 2023 and 2022, net assets with donor restrictions comprised of donor-imposed stipulations that expire when the purpose restriction is accomplished were as follows:

	2023	2022
Clothing for Residents	\$ 2,601	\$ 2,601
Family Fund Endowment	27,079	-
Property Acquisitions	30,000	30,000
Total Net Assets With Donor Restrictions for Purpose	\$ 59,680	\$ 32,601

At June 30, 2023 and 2022, the following net assets with donor restrictions are to be held in perpetuity:

	2023	2022
Family Fund Endowment	\$ 377,155	\$ 372,572
Clothing for Residents	2,500	2,500
Total Net Assets With Donor Restrictions to be Held in Perpetuity	\$ 379,655	\$ 375,072

Note 21. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 30, 2023, and determined that the following event occurred that requires disclosure:

In August 2023, Volunteers of America South Central Louisiana received \$2 million from the Wilson Bequest.

No other subsequent events occurring after October 30, 2023 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
**Schedule of Compensation, Benefits, and Other Payments
to Agency Head**
For the Year Ended June 30, 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 non-governmental 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
David Kneipp, President and CEO

Purpose	Compensation and Benefits Funded by Use of Public Funds
Salary	\$161,000
Bonus	\$0
Benefits - Insurance	\$21,427
Benefits - SECA	\$10,427
Benefits - Other	\$377
Car Allowance (Lease, Insurance, Gasoline)	\$0
Per Diem	\$0
Reimbursements	\$1,119
Local Entertainment/Sales	\$0
Registration Fees	\$0
Conference/Sales Mission Travel	\$0
Local Transportation/Parking	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Dues and Subscriptions	\$1,840

See independent auditor's report.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**
Consolidating Statement of Financial Position
June 30, 2023
With Summarized Comparative Information at June 30, 2022

Schedule I

	Volunteers of America South Central Louisiana, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2023 Consolidated	2022 Consolidated
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 943,128	\$ 81,406	\$ 1,024,534	\$ -	\$ 1,024,534	\$ 1,485,477
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$205,000 at 2023 and \$203,028 at 2022	3,250,065	50	3,250,115	(200,651)	3,049,464	2,999,328
Pledges Receivable Current, Net	50,603	-	50,603	-	50,603	54,093
Prepaid Expenses	680,594	4,677	685,271	-	685,271	535,562
Total Current Assets	4,924,390	86,133	5,010,523	(200,651)	4,809,872	5,074,460
Fixed Assets, Net	1,765,705	391,142	2,156,847	-	2,156,847	2,064,353
Other Assets						
Investments	5,261,552	-	5,261,552	-	5,261,552	4,959,544
Pledges Receivable - Long-Term, Net	66,095	-	66,095	-	66,095	72,848
Intangible Assets	150,000	-	150,000	-	150,000	150,000
Right-of-Use Assets - Operating Leases	4,096,510	-	4,096,510	-	4,096,510	-
Right-of-Use Assets - Finance Leases, Net	49,050	-	49,050	-	49,050	-
Other Assets	45,764	-	45,764	-	45,764	45,764
Total Other Assets	9,668,971	-	9,668,971	-	9,668,971	5,228,156
Total Assets	\$ 16,359,066	\$ 477,275	\$ 16,836,341	\$ (200,651)	\$ 16,635,690	\$ 12,366,969

See independent auditor's report.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidating Statement of Financial Position (Continued)
June 30, 2023
With Summarized Comparative Information at June 30, 2022**

Schedule I

	Volunteers of America South Central Louisiana, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2023 Consolidated	2022 Consolidated
Liabilities and Net Assets						
Current Liabilities						
Accounts Payable	\$ 490,604	\$ 203,790	\$ 694,394	\$ (200,651)	\$ 493,743	\$ 592,282
Accrued Expenses	1,026,736	2,695	1,029,431	-	1,029,431	1,365,524
Operating Lease Liabilities, Current Portion	405,858	-	405,858	-	405,858	-
Finance Lease Liabilities, Current Portion	15,136	-	15,136	-	15,136	-
Long-Term Debt, Current Portion	408,173	7,772	415,945	-	415,945	348,554
Total Current Liabilities	2,346,507	214,257	2,560,764	(200,651)	2,360,113	2,306,360
Other Liabilities						
Operating Lease Liabilities, Less Current Portion	3,744,193	-	3,744,193	-	3,744,193	-
Finance Lease Liabilities, Less Current Portion	33,295	-	33,295	-	33,295	-
Long-Term Debt, Less Current Portion	-	-	-	-	-	46,792
Total Other Liabilities	3,777,488	-	3,777,488	-	3,777,488	46,792
Total Liabilities	6,123,995	214,257	6,338,252	(200,651)	6,137,601	2,353,152
Net Assets						
Net Assets Without Donor Restrictions	9,825,736	233,018	10,058,754	-	10,058,754	9,606,144
Net Assets With Donor Restrictions	409,335	30,000	439,335	-	439,335	407,673
Total Net Assets	10,235,071	263,018	10,498,089	-	10,498,089	10,013,817
Total Liabilities and Net Assets	\$ 16,359,066	\$ 477,275	\$ 16,836,341	\$ (200,651)	\$ 16,635,690	\$ 12,366,969

See independent auditor's report.

**VOLUNTEERS OF AMERICA SOUTH CENTAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Schedule II

Consolidating Statement of Activities

For the Year Ended June 30, 2023

With Summarized Comparative Information for the Year Ended June 30, 2022

	Volunteers of America South Central Louisiana, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2023 Consolidated	2022 Consolidated
Revenue, Support, and Gains						
Public Support Received Directly						
Contributions	\$ 905,025	\$ -	\$ 905,025	\$ -	\$ 905,025	\$ 4,971,445
Contributions, In-Kind	302,154	-	302,154	-	302,154	256,698
Public Support Received Indirectly						
United Way Allocations	154,327	-	154,327	-	154,327	11,069
Total Public Support	1,361,506	-	1,361,506	-	1,361,506	5,239,212
Revenues and Grants from Governmental Agencies	18,688,455	-	18,688,455	-	18,688,455	16,797,170
Other Revenue						
Program Service Fees	434,673	-	434,673	-	434,673	379,179
Rental Income	9,871	174,787	184,658	-	184,658	169,444
Miscellaneous	76,827	-	76,827	-	76,827	28,518
Total Other Revenue	521,371	174,787	696,158	-	696,158	577,141
Total Revenue, Support, and Gains	20,571,332	174,787	20,746,119	-	20,746,119	22,613,523

See independent auditor's report.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.**

Schedule II

Consolidating Statement of Activities (Continued)

For the Year Ended June 30, 2023

With Summarized Comparative Information for the Year Ended June 30, 2022

	Volunteers of America South Central Louisiana, Inc.	Human Services of Greater Baton Rouge, Inc.	Subtotal	Eliminations	2023 Consolidated	2022 Consolidated
Operating Expenses						
Program Services						
Encouraging Positive Development	5,405,162	-	5,405,162	-	5,405,162	6,169,914
Fostering Independence	7,989,811	-	7,989,811	-	7,989,811	6,983,964
Promoting Self-Sufficiency	3,857,859	135,608	3,993,467	-	3,993,467	2,641,240
Total Program Services	17,252,832	135,608	17,388,440	-	17,388,440	15,795,118
Supporting Services						
Management and General	3,079,044	3,256	3,082,300	-	3,082,300	2,676,692
Fundraising	220,141	-	220,141	-	220,141	563,041
Total Supporting Services	3,299,185	3,256	3,302,441	-	3,302,441	3,239,733
Total Operating Expenses	20,552,017	138,864	20,690,881	-	20,690,881	19,034,851
Surplus from Operations	19,315	35,923	55,238	-	55,238	3,578,672
Other Activities						
Net Investment Return	248,965	-	248,965	-	248,965	(507,976)
Insurance Proceeds	180,069	-	180,069	-	180,069	-
Loss on Disposition of Asset	-	-	-	-	-	(37,739)
Surplus (Deficit) from Other Activities	429,034	-	429,034	-	429,034	(545,715)
Change in Net Assets	448,349	35,923	484,272	-	484,272	3,032,957
Net Assets, Beginning of Year	9,786,722	227,095	10,013,817	-	10,013,817	6,980,860
Net Assets, End of Year	\$ 10,235,071	\$ 263,018	\$ 10,498,089	\$ -	\$ 10,498,089	\$ 10,013,817

See independent auditor's report.

**VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC. AND
HUMAN SERVICES OF GREATER BATON ROUGE, INC.
Consolidating Statement of Functional Expenses
For the Year Ended June 30, 2023
With Summarized Comparative Information for the Year Ended June 30, 2022**

Schedule III

	Volunteers of America South Central Louisiana, Inc.						Human Services of Greater Baton Rouge, Inc.			2023 Total	2022 Total
	Program Services			Supporting Services			Program Services	Supporting Services	Subtotal		
	Encouraging Positive Development	Fostering Independence	Promoting Self-Sufficiency	Management and General	Fundraising	Subtotal	Promoting Self-Sufficiency	Management and General			
Salaries and Wages	\$ 2,094,843	\$ 5,040,011	\$ 1,116,145	\$ 1,468,620	\$ 134,285	\$ 9,853,904	\$ -	\$ -	\$ -	\$ 9,853,904	\$ 8,410,658
Employee Benefits	275,972	680,163	156,913	163,290	13,797	1,290,135	-	-	-	1,290,135	1,049,675
Professional Services	399,026	432,020	138,368	650,288	49,604	1,869,306	-	3,256	3,256	1,872,562	1,667,241
Occupancy Expenses	88,816	128,804	73,987	92,200	164	383,971	120,848	-	120,848	504,819	371,007
Specific Assistance to Individuals	1,189,330	807,082	2,068,349	331	-	4,065,092	-	-	-	4,065,092	3,143,592
Program Supplies and Equipment	876,852	145,489	37,967	36,988	6,579	1,103,875	14,040	-	14,040	1,117,915	2,972,350
Office Supplies and Expenses	232,428	524,921	191,006	216,737	15,362	1,180,454	604	-	604	1,181,058	685,204
Travel, Conferences and Meetings	190,413	155,973	61,082	96,094	350	503,912	-	-	-	503,912	371,025
Depreciation	44,742	47,192	5,358	74,856	-	172,148	-	-	-	172,148	180,219
Interest	-	-	-	5,544	-	5,544	-	-	-	5,544	3,244
Other	12,740	28,156	8,684	74,096	-	123,676	116	-	116	123,792	195,270
Total	\$ 5,405,162	\$ 7,989,811	\$ 3,857,659	\$ 3,079,044	\$ 220,141	\$ 20,552,017	\$ 135,608	\$ 3,256	\$ 138,864	\$ 20,690,881	\$ 19,034,851

See independent auditor's report.

**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
Volunteers of America South Central Louisiana, Inc.
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 *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Volunteers of America South Central Louisiana, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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 consolidated 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 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 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.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA
October 30, 2023

UNIFORM GUIDANCE SECTION

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

Independent Auditor's Report

To the Board of Directors
Volunteers of America South Central Louisiana, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Volunteers of America South Central Louisiana, Inc.'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 each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of 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 Organizations 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 the 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 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 or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



A Professional Accounting Corporation

Covington, LA
October 30, 2023

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Program:		
Continuum of Care Program	14.267	\$ 489,994
HUD - Permanent Supportive Housing	14.267	183,500
HUD - Rapid Housing	14.267	146,223
Passed Through City Parish:		
Continuum of Care Program	14.267	<u>84,044</u>
		903,761
Passed Through Office of Community Planning and Development:		
Housing Opportunities for Persons with AIDS	14.241	<u>616,200</u>
Total U.S. Department of Housing and Urban Development		<u>1,519,961</u>
U.S. Department of Veterans Affairs		
Direct Programs:		
V.A. Homeless Grant	64.024	14,412
Passed Through Volunteers of America, Southeast Louisiana, Inc.:		
COVID 19: Supportive Services for Veteran Families Program	64.033	1,316,203
SSVF - VASH	64.033	12,083
SSVF - Shallow Subsidy Grant	64.033	<u>309,477</u>
Total U.S. Department of Veterans Affairs		<u>1,652,175</u>
U.S. Department of Education		
Passed through Louisiana Department of Education:		
Comprehensive Literacy Development	84.371C	<u>40,377</u>
Total U.S. Department of Education		<u>40,377</u>
U.S. Department of Justice		
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:		
Crime Victim Assistance (Louisiana Commission on Law Enforcement Project Number 6495)	16.575	<u>116,506</u>
Total U.S. Department of Justice		<u>116,506</u>

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC.
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE	Assistance Listing Number	Federal Expenditures
U.S. Department of Health and Human Services		
Passed Through Louisiana Department of Education:		
Child Care and Development Block Grant	93.575	2,604,546
Outdoor Learning Enhancement Opportunity Grant	93.575	590,380
State of Louisiana - Believe and Prepare - Cohort 3 Community Network Lead Agencies (Project #28-16-CO & #28-17-CY)	84.010A	241,197
PDG Seat Grant	93.575	55,716
Preschool Development Grant	93.434	597,645
	93.434	<u>12,618</u>
		4,102,102
Direct Programs:		
Block Grant Community Mental Health Services	93.958	5,627
Injury Prevention and Control Research and State Community Based Programs	93.136	29,142
Passed through Louisiana Department of Children and Family Services		
Temporary Assistance for Needy Families		
Temporary Assistance for Needy Families (TANF)	93.558	224,997
Promoting Safe & Stable Families	93.556	353,817
Passed Through City Parish - Division of Human Development and Services:		
HIV Emergency Relief	93.914	181,940
EHE	93.686	213,977
Passed Through Louisiana Department of Health & Hospitals, Office of Behavioral Health:		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	172,751
Homeless Outreach (PATH)	93.150	90,836
Permanent Supportive Housing Mental Health Block Grant (MHBG)	93.958	52,052
Homeless Outreach (MHBG)	93.958	<u>16,172</u>
Total U.S. Department of Health and Human Services		<u>5,443,413</u>
Total Expenditures of Federal Awards		<u>\$ 8,772,432</u>

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Volunteers of America South Central Louisiana, Inc. under programs of the federal government for the year ended June 30, 2023. The information in the 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* (the Uniform Guidance). Because the Schedule 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 flows of the Organization.

Note 2. Summary of Significant Accounting Policies

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

Note 3. De Minimis 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.

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program</u>
93.575	Child Care and Development Block Grant
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to determine Type A Programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Findings - Financial Statement Audit

None.

Section III. Findings and Questioned Costs - Major Federal Award Programs Audit

None.

VOLUNTEERS OF AMERICA SOUTH CENTRAL LOUISIANA, INC.
Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Financial Statement Findings

None.

Federal Award Findings and Questioned Costs

None.

AGREED-UPON PROCEDURES REPORT

Volunteers of America South Central Louisiana, Inc.

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2022 - June 30, 2023

To the Board of Directors
Volunteers of America South Central Louisiana, Inc. 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 July 1, 2022 through June 30, 2023. Volunteers of America South Central Louisiana, Inc.'s (the Organization) management is responsible for those C/C areas identified in the SAUPs.

Volunteers of America South Central Louisiana, Inc. 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 July 1, 2022 through June 30, 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 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 rates 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, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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 these procedures.

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 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 found as a result of 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 written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits, and:
- i. Observe that receipts are sequentially pre-numbered.
 - 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 procedures A, B, and C. The Organization does not keep a collections log for incoming cash receipts. As such, attribute 'i' and 'iv' of Procedure D above could not be observed.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - 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; and
 - 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.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

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

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 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 procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of 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 and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - 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 Policies and Procedures 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 found as a result of 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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - 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 that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of 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 whether 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; and
 - iv. Observe whether the rate paid to the employees or officials agrees 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

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

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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; and
 - 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 Organization 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 found as a result of 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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - 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.

Results: We performed the procedures 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, 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 the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - 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 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 the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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 Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
October 31, 2023