

LOUISIANA BAR FOUNDATION
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Louisiana Bar Foundation
New Orleans, Louisiana

Opinions

We have audited the accompanying financial statements of Louisiana Bar Foundation, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Louisiana Bar Foundation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisiana Bar Foundation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



To the Board of Directors of
Louisiana Bar Foundation
New Orleans, Louisiana
October 19, 2022

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



To the Board of Directors of
Louisiana Bar Foundation
New Orleans, Louisiana
October 19, 2022

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining schedule of activities and schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute 24:513 A.(3), 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022 on our consideration of Louisiana Bar Foundation' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Louisiana Bar Foundation' 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 Louisiana Bar Foundation' internal control over financial reporting and compliance.

October 19, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA BAR FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 713,561	\$ 1,776,174
Certificates of deposit	-	13,319
Investments	12,570,284	13,351,258
Contributions receivable	328,650	3,372,844
Other receivables	726	-
Prepaid expenses	16,079	15,314
Promises to give	<u>10,000</u>	<u>10,000</u>
 Total assets	 <u>\$ 13,639,300</u>	 <u>\$ 18,538,909</u>
 <u>LIABILITIES:</u>		
Accounts payable and accrued liabilities	\$ 64,660	\$ 80,243
Grants payable	4,073,656	7,058,447
Other liabilities	<u>-</u>	<u>23,103</u>
 Total liabilities	 <u>4,138,316</u>	 <u>7,161,793</u>
 <u>NET ASSETS:</u>		
Without donor restrictions:		
Undesignated	(3,716,101)	(3,301,444)
Board designated:		
Operating reserve	8,077,412	8,948,356
Endowments	<u>1,023,207</u>	<u>1,224,034</u>
 Total without donor restrictions	 <u>5,384,518</u>	 <u>6,870,946</u>
With donor restrictions:		
Purpose restricted:		
Donor designated	3,426,591	3,845,465
Endowments	<u>689,875</u>	<u>660,705</u>
 Total with donor restrictions	 <u>4,116,466</u>	 <u>4,506,170</u>
 Total net assets	 <u>9,500,984</u>	 <u>11,377,116</u>
 Total liabilities and net assets	 <u>\$ 13,639,300</u>	 <u>\$ 18,538,909</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Contributions	\$ 5,105,829	\$ 3,301,868	\$ 8,407,697
Federal grant	-	621,935	621,935
Investment (loss), net	(1,049,745)	(373,489)	(1,423,234)
Publications and dinners	128,909	-	128,909
PPP loan forgiveness	-	-	-
Other income	124,996	52	125,048
Net assets released from restrictions	<u>3,940,070</u>	<u>(3,940,070)</u>	<u>-</u>
 Total support and other revenues	 <u>8,250,059</u>	 <u>(389,704)</u>	 <u>7,860,355</u>
<u>EXPENSES:</u>			
Program services:			
IOLTA	4,579,053	-	4,579,053
State of Louisiana	3,708,478	-	3,708,478
Kid's Chance	31,316	-	31,316
Access to Justice	50,000	-	50,000
Kendall Vick	231,592	-	231,592
Supporting services:			
Management and general	1,080,590	-	1,080,590
Fundraising	<u>55,458</u>	<u>-</u>	<u>55,458</u>
 Total expenses	 <u>9,736,487</u>	 <u>-</u>	 <u>9,736,487</u>
 Change in net assets	 (1,486,428)	 (389,704)	 (1,876,132)
 Net assets, beginning of year	 <u>6,870,946</u>	 <u>4,506,170</u>	 <u>11,377,116</u>
 Net assets, end of year	 <u>\$ 5,384,518</u>	 <u>\$ 4,116,466</u>	 <u>\$ 9,500,984</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Contributions	\$ 5,223,913	\$ 6,517,108	\$ 11,741,021
Federal grant	-	618,087	618,087
Investment income, net	1,767,420	559,985	2,327,405
Publications and dinners	84,189	-	84,189
PPP loan forgiveness	181,857	-	181,857
Other income	30,707	55	30,762
Net assets released from restrictions	<u>3,881,345</u>	<u>(3,881,345)</u>	<u>-</u>
 Total support and other revenues	 <u>11,169,431</u>	 <u>3,813,890</u>	 <u>14,983,321</u>
<u>EXPENSES:</u>			
Program services:			
IOLTA	4,588,685	-	4,588,685
State of Louisiana	3,838,948	-	3,838,948
Kid's Chance	35,903	-	35,903
Access to Justice	29,042	-	29,042
Kendall Vick	-	-	-
Supporting services:			
Management and general	822,976	-	822,976
Fundraising	<u>313,067</u>	<u>-</u>	<u>313,067</u>
 Total expenses	 <u>9,628,621</u>	 <u>-</u>	 <u>9,628,621</u>
 Change in net assets	 1,540,810	 3,813,890	 5,354,700
 Net assets, beginning of year	 <u>5,330,136</u>	 <u>692,280</u>	 <u>6,022,416</u>
 Net assets, end of year	 <u>\$ 6,870,946</u>	 <u>\$ 4,506,170</u>	 <u>\$ 11,377,116</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services		Total	
	IOLTA	State of Louisiana	Kid's Chance	Access to Justice	Kendall Vick	Total Program Services	Management and General		Fund Raising
Salaries and wages	\$ 470,075	\$ -	\$ -	\$ -	\$ -	\$ 470,075	\$ 452,075	\$ 18,000	\$ 940,150
Payroll taxes and employee benefits	125,705	-	-	-	-	125,705	125,706	-	251,411
Total salaries and related expenses	595,780	-	-	-	-	595,780	577,781	18,000	1,191,561
Grant payments	3,970,695	3,706,790	-	50,000	231,592	7,959,077	47,363	-	8,006,440
Other expenses	-	-	316	-	-	316	21,523	-	21,839
Program expenses	3,831	1,688	31,000	-	-	36,519	23,932	-	60,451
Sponsored events	-	-	-	-	-	-	95,277	24,023	119,300
Conference and meetings	-	-	-	-	-	-	47,401	2,765	50,166
Occupancy expense	-	-	-	-	-	-	100,499	-	100,499
Supplies, postage, and printing	-	-	-	-	-	-	47,467	-	47,467
Contract services	-	-	-	-	-	-	52,401	10,670	63,071
Insurance	-	-	-	-	-	-	20,213	-	20,213
Bank charges	512	-	-	-	-	512	8,202	-	8,714
Repairs and maintenance	-	-	-	-	-	-	8,517	-	8,517
Information technology services	8,235	-	-	-	-	8,235	30,014	-	38,249
Total functional expenses	\$ 4,579,053	\$ 3,708,478	\$ 31,316	\$ 50,000	\$ 231,592	\$ 8,600,439	\$ 1,080,590	\$ 55,458	\$ 9,736,487

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services					Supporting Services		Total	
	IOLTA	State of Louisiana	Kid's Chance	Access to Justice	Kendall Vick	Total Program Services	Management and General		Fund Raising
Salaries and wages	\$ 306,201	\$ -	\$ -	\$ -	\$ -	\$ 306,201	\$ 306,201	\$ 184,920	\$ 797,322
Payroll taxes and employee benefits	81,890	-	-	-	-	81,890	90,284	44,462	216,636
Total salaries and related expenses	388,091	-	-	-	-	388,091	396,485	229,382	1,013,958
Grant payments	4,171,424	3,838,948	-	29,042	-	8,039,414	158,849	-	8,198,263
Other expenses	-	-	-	-	-	-	17,376	19,500	36,876
Program expenses	15,011	-	35,750	-	-	50,761	30,361	-	81,122
Sponsored events	-	-	-	-	-	-	4,287	55,115	59,402
Conference and meetings	14	-	67	-	-	81	18,495	200	18,776
Occupancy expense	-	-	-	-	-	-	85,448	-	85,448
Supplies, postage, and printing	1,061	-	86	-	-	1,147	34,857	-	36,004
Contract services	4,520	-	-	-	-	4,520	44,231	8,870	57,621
Insurance	324	-	-	-	-	324	15,194	-	15,518
Bank charges	57	-	-	-	-	57	6,149	-	6,206
Repairs and maintenance	-	-	-	-	-	-	3,932	-	3,932
Information technology services	8,183	-	-	-	-	8,183	7,312	-	15,495
Total functional expenses	<u>\$ 4,588,685</u>	<u>\$ 3,838,948</u>	<u>\$ 35,903</u>	<u>\$ 29,042</u>	<u>\$ -</u>	<u>\$ 8,492,578</u>	<u>\$ 822,976</u>	<u>\$ 313,067</u>	<u>\$ 9,628,621</u>

LOUISIANA BAR FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (1,876,132)	\$ 5,354,700
Adjustments to reconcile change in net assets to net cash from operating activities:		
Non-cash contributions of securities	-	(2,961,256)
Unrealized (gain) loss on investments	2,038,464	(1,494,772)
Realized (gain) loss on sale of investments	(438,896)	(661,468)
(Increase) decrease in assets:		
Contributions receivable	3,044,194	(21,455)
Promises to give	-	19,500
Other receivables	(726)	-
Prepaid expenses	(765)	(4,983)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(15,583)	10,921
Grants payable	(2,984,791)	(318,070)
Other liabilities	(23,103)	(1,017)
	<u>(257,338)</u>	<u>(77,900)</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Maturities of certificates of deposit	-	74,002
Purchases of investments	(6,784,388)	(587,689)
Sales and maturities of investments	5,979,113	972,211
	<u>(805,275)</u>	<u>458,524</u>
Net cash from (used for) investing activities	<u>(805,275)</u>	<u>458,524</u>
Net increase (decrease) in cash and cash equivalents	(1,062,613)	380,624
Cash and cash equivalents, beginning of year	<u>1,776,174</u>	<u>1,395,550</u>
Cash and cash equivalents, end of year	<u>\$ 713,561</u>	<u>\$ 1,776,174</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana Bar Foundation (the Foundation) is a nonprofit organization whose objectives and purposes are to promote study and research in the field of law, to publish and distribute literary works on legal subjects, and to administer the collection and disbursement of interest on Lawyers' Trust Accountants (IOLTA) funds.

Interest on Lawyers' Trust Accounts (IOLTA) is a unique and innovative method to increase access to justice for individuals and families living in poverty. Without taxing the public, and at no cost to the lawyers or their clients, interest from IOLTA funds is pooled to provide civil legal aid to the poor and to support improvements to the justice system.

Method of Accounting and Financial Reporting Framework

Assets and liabilities and revenues and expenses are recognized on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, The Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets with donor restrictions - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net assets without donor restrictions - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable is stated at unpaid balances. No allowance for doubtful accounts is recognized based on the nature of the contributions receivable. Contributions receivable is considered impaired if full principal payments are not received in accordance with the contractual terms.

Promises to Give

The Foundation has received pledges from supporting law firms and individuals, which are restricted to the Foundation's board designated endowment campaign. These pledges are payable to the Foundation upon donor demise. Management believes that all promises to give are collectible as of June 30, 2022 and 2021 and thus no allowance has been established.

Investments

Short-term investments consist of mutual funds that can be used to support cash flow needs during the year. Long-term investments are valued at fair value in the statement of financial position and include investment in stocks, corporate fixed income, government securities, and mutual funds. Unrealized and realized gains and losses are included in the change in net assets without donor restrictions.

Investments are stated at fair value. Gains and losses on investments are reported on the statement of activities as increases or decreases in net assets without donor restrictions. Dividend, interest and other investment income are reported in the period earned in the statement of activities as increases in net assets without donor restrictions. Investment return is presented net of investment fees.

The Foundation discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Investments are recorded at fair value on a recurring basis. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment. There were no material nonrecurring fair value adjustments in 2022 or 2021. The three levels of the fair value hierarchy are described below:

Level 1 lies at the top of the hierarchy. Inputs are quoted prices in an active market.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (continued)

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Levels 1 and 2, or transfers into and out of Level 3 in 2022 or 2021. If such transfers were to occur, they would be recognized as of the actual date of the event.

No level 3 inputs were used by the Foundation during 2022 or 2021.

The Foundation's measurements of fair value are made on a recurring basis, and their valuation techniques (no changes in 2022 or 2021) for assets and liabilities recorded at fair value are as follows:

Stocks, Corporate Fixed Income, Government Securities, and Mutual Funds – value at quoted market prices which approximated fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Property and Equipment

Acquisitions, renewals, and betterments of \$5,000 or more are capitalized and stated at cost. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statements of activities. Depreciation is provided using the straight-line method over the estimated useful lives of the asset. Estimated useful lives for property and equipment range from three (3) to seven (7) years. All property and equipment were fully depreciated as of June 30, 2022 and 2021.

Grants Payable

The Foundation makes grants to various agencies in accordance with the Foundation's purpose. Grants are recorded as an expense after Board of Director's approval if they are unconditional or if the conditions have been substantially met.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Grants and Contributions

Grants and contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Publications and Dinners

The Foundation receives revenue from publications and dinners. A portion of the revenue is recognized as a contribution at the time of ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of the revenues are recognized when the event takes place as the event is the relevant performance obligation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation's evaluation as of June 30, 2022 and 2021 revealed no tax positions that would have a material impact on the financial statements. The Foundation remains subject to examination by tax authorities for all years subsequent to 2018. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

New Accounting Pronouncements – Adopted

The Financial Accounting Standards Board (FASB) issued Accounting Standard Update (Update) No. 2020-07, "Not-for-Profit Entities Topic (958)" in September 2020. The new guidance seeks to increase transparency of contributed nonfinancial assets for not-for-profits (NFP) entities through enhancements to presentation and disclosure. This adoption had no material impact on the Foundation's financial statements.

Date of Management Review

Management has evaluated subsequent events through October 19, 2022 which is the date the financial statements were available to be issued.

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of board designations, contractual, or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2022	2021
Financial assets, at year end	\$ 13,613,221	\$ 18,513,595
Less those unavailable for general expenditure within one year due to:		
Board designations (see Note 6)	(9,100,619)	(10,172,390)
Donor-imposed restrictions	(4,116,466)	(4,506,170)
Financial assets available to meet cash needs for general expenditures within one year	\$ 396,136	\$ 3,835,035

The Foundation's liquidity management plan allows for investment of cash in excess of daily requirement in stocks, corporate fixed income, government securities, and mutual funds.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

As part of the Foundation liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 6, the Foundation has assets held in board designated investments which are in excess of amounts needed for daily cash requirements. Although the Foundation does not intend to spend from its assets held in the board designated investments, amounts from the assets could be made available if necessary.

(3) INVESTMENTS AND FAIR VALUE MEASUREMENT

The fair value of assets measured at June 30, 2022 and 2021 are as follows:

	<u>2022</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Common stocks	\$ 6,676,056	\$ -	\$ -	\$ 6,676,056
Corporate fixed income	-	4,480,922	-	4,480,922
Government securities	-	47,807	-	47,807
Cash equivalents	<u>1,365,499</u>	<u>-</u>	<u>-</u>	<u>1,365,499</u>
Investments at fair value	<u>\$ 8,041,555</u>	<u>\$ 4,528,729</u>	<u>\$ -</u>	<u>\$ 12,570,284</u>
	<u>2021</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Common stocks	\$ 8,909,760	\$ -	\$ -	\$ 8,909,760
Corporate fixed income	-	3,682,461	-	3,682,461
Government securities	-	52,888	-	52,888
Cash equivalents	<u>706,149</u>	<u>-</u>	<u>-</u>	<u>706,149</u>
Investments at fair value	<u>\$ 9,615,909</u>	<u>\$ 3,735,349</u>	<u>\$ -</u>	<u>\$ 13,351,258</u>

Investment income consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 241,932	\$ 209,578
Investment fees	(65,598)	(38,413)
Realized gain (loss) on sale of investments	438,896	661,468
Unrealized gain on investments	<u>(2,038,464)</u>	<u>1,494,772</u>
Investment income, net	<u>\$ (1,423,234)</u>	<u>\$ 2,327,405</u>

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(4) PROPERTY AND EQUIPMENT

Property and equipment of the Foundation consisted of the following as of June 30th:

	<u>2022</u>	<u>2021</u>
Property and equipment	\$ 86,916	\$ 86,916
Less: accumulated depreciation	<u>(86,916)</u>	<u>(86,916)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

(5) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Endowment funds with donor restrictions	\$ 689,875	\$ 660,705
Donor designated	<u>3,426,591</u>	<u>3,845,465</u>
	<u>\$ 4,116,466</u>	<u>\$ 4,506,170</u>

(6) BOARD DESIGNATIONS

The policy of the Board of Directors of the Foundation is to review plans for future programs, investment, contingencies, purchase or construction of fixed assets, and other uses from time to time. The policy also allows for the designation of appropriate sums of net assets without donor restrictions to ensure adequate financing. As of June 30, 2022 and 2021, the Foundation had board-designated funds totaling \$9,100,619 and \$10,172,390, respectively.

(7) ENDOWMENTS

The Foundation's endowment consists of six individual funds established for a variety of purposes. Its endowments include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions using (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(7) ENDOWMENTS (CONTINUED)

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in well-diversified asset mix, which includes equity and debt securities. The Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy. The Foundation has a policy of appropriating for distribution each year 5% of its endowment fund. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The foundation expects the current spending policy to allow its endowment funds to grow at an average rate of 5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide the additional real growth through new gifts and investment return.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). As of June 30, 2022 and 2021, the Foundation did not have any endowment funds that were underwater.

Changes in endowment net assets as of June 30, 2022:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Endowment <u>Net Assets</u>
Endowment net assets – beginning of year	\$ 1,224,034	\$ 660,705	\$ 1,884,739
Contributions	17,058	95,080	112,138
Investment income	64,904	40,498	105,402
Net appreciation (depreciation)	(171,612)	(106,408)	(278,020)
Amounts appropriated for expenditures	<u>(111,177)</u>	<u>-</u>	<u>(111,177)</u>
Endowment net assets – end of year	<u>\$ 1,023,207</u>	<u>\$ 689,875</u>	<u>\$ 1,713,082</u>

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(7) ENDOWMENTS (CONTINUED)

Changes in endowment net assets as of June 30, 2021:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Endowment <u>Net Assets</u>
Endowment net assets – beginning of year	\$ 960,728	\$ 680,205	\$ 1,640,933
Contributions	34,510	-	34,510
Investment income	96,100	-	96,100
Net appreciation (depreciation)	132,696	-	132,696
Amounts appropriated for expenditures	<u>-</u>	<u>(19,500)</u>	<u>(19,500)</u>
Endowment net assets – end of year	<u>\$ 1,224,034</u>	<u>\$ 660,705</u>	<u>\$ 1,884,739</u>

(8) GRANT INCOME – PAYCHECK PROTECTION PROGRAM

In March 2021, the Foundation was granted a \$181,857 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$181,857 as grant revenue in the statement of activities for the year ended June 30, 2021. In November 2021, the PPP loan formally was forgiven.

(9) CONCENTRATION OF CREDIT RISK

The Foundation maintains cash and investment balances with financial institutions. The Federal Deposit Insurance Corporation (FDIC) ensures the accounts held at member institutions up to \$250,000. As of June 30, 2022 and 2021, the Foundation’s cash balance did not exceed the FDIC insurance. The Securities Investor Protection Corporation (SIPC) insures accounts at each member institution up to \$500,000. The balances of cash and investments held by investment brokerage firms exceeded SIPC insurance by \$12,030,807 and \$1,492,696 at June 30, 2022 and 2021, respectively. The Foundation has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

Revenue from one grantor represents 39% of total revenue for the year ended June 30, 2022. Revenue from three grantors represents 54% of total revenue for the year ended June 30, 2021.

Contributions receivable from one grantor represents 99% of total contribution receivables for each of the years ended June 30, 2022 and 2021.

LOUISIANA BAR FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022 AND 2021

(10) RETIREMENT PLAN

The Foundation sponsors a retirement arrangement covering substantially all employees of the Foundation. The Foundation decides the amount, if any, to contribute each year to the SEP-IRA accounts for eligible employees. The contribution percentage (10%) of salary remained unchanged from the prior year. The Foundation's contributions to the plan totaled \$73,542 and \$68,986 for the years ended June 30, 2022 and 2021, respectively. Contributions to the retirement arrangement are included in the Fringe Benefits line item on the Statements of Functional Expenses.

(11) OPERATING LEASE

The Foundation entered into a lease agreement for office space commencing on July 1, 2018. The lease expires January 31, 2022 unless terminated early in accordance with the lease agreement. On December 28, 2020, lease was extended for an additional 60 months commencing April 1, 2021 and ending on March 31, 2026. Total rent expense under the operating lease was \$100,499 and \$85,448 for the years ended June 30, 2022 and 2021, respectively.

Future minimum rental payments required under the operating lease as of June 30, 2022 are as follows:

2023	\$ 101,909
2024	103,447
2025	104,601
2026	<u>78,451</u>
	<u>\$ 388,408</u>

(12) NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued Update No. 2016-02, "*Leases*." This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. Deferring the effective date of Update No. 2016-02, the FASB has issued Update No. 2019-10, "*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Lease (Topic 842)*." Update No. 2019-10 permits entities to apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2020, and to interim reporting periods within annual reporting periods beginning after December 15, 2021. The FASB further delayed the implementation date by one year through ASU 2020-05 "*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*." Entities may now apply the guidance in Update No. 2016-02 to annual reporting periods beginning after December 15, 2021, and to interim reporting periods within annual reporting periods beginning after December 15, 2022. The Foundation plans to adopt this Update as applicable by the effective date.

(13) RECLASSIFICATION

Certain reclassifications have been made to prior year amounts to conform with the current year presentation.

LOUISIANA BAR FOUNDATION
COMBINING STATEMENT OF ACTIVITIES AND FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 AND COMPARATIVE TOTALS FOR 2021

	<u>IOLTA</u>	<u>State of Louisiana</u>	<u>Kid's Chance</u>	<u>Access to Justice</u>	<u>Kendall Vick</u>	<u>Supporting Services</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Revenues								
Contributions	\$ 5,022,430	\$ 3,206,788	\$ 68,753	\$ 18,955	\$ -	\$ 90,771	\$ 8,407,697	\$11,741,021
Federal grant	-	621,935	-	-	-	-	621,935	618,087
Investment income, net	(740,331)	-	(20,604)	(40,289)	(307,579)	(314,431)	(1,423,234)	2,327,405
Publications and dinners	-	-	-	-	-	128,909	128,909	84,189
PPP loan forgiveness	-	-	-	-	-	-	-	181,857
Other income	-	-	-	22,500	-	102,548	125,048	30,762
Total revenues	<u>4,282,099</u>	<u>3,828,723</u>	<u>48,149</u>	<u>1,166</u>	<u>(307,579)</u>	<u>7,797</u>	<u>7,860,355</u>	<u>14,983,321</u>
Expenses:								
Grant payments	\$ 3,970,695	\$ 3,706,790	\$ -	\$ 50,000	\$ 231,592	\$ 47,363	\$ 8,006,440	\$ 8,198,263
Salaries and wages	470,075	-	-	-	-	470,075	940,150	797,322
Payroll taxes and employee benefits	125,705	-	-	-	-	125,706	251,411	216,636
Other expenses	-	-	316	-	-	21,523	21,839	36,876
Program expenses	3,831	1,688	31,000	-	-	23,932	60,451	81,122
Sponsored events	-	-	-	-	-	119,300	119,300	59,402
Conference and meetings	-	-	-	-	-	50,166	50,166	18,776
Occupancy expense	-	-	-	-	-	100,499	100,499	85,448
Supplies, postage, and printing	-	-	-	-	-	47,467	47,467	36,004
Contract services	-	-	-	-	-	63,071	63,071	57,621
Insurance	-	-	-	-	-	20,213	20,213	15,518
Bank charges	512	-	-	-	-	8,202	8,714	6,206
Repairs and maintenance	-	-	-	-	-	8,517	8,517	3,932
Information technology services	8,235	-	-	-	-	30,014	38,249	15,495
Total expenses	<u>4,579,053</u>	<u>3,708,478</u>	<u>31,316</u>	<u>50,000</u>	<u>231,592</u>	<u>1,136,048</u>	<u>9,736,487</u>	<u>9,628,621</u>
Increase (decrease) in net assets	(296,954)	120,245	16,833	(48,834)	(539,171)	(1,128,251)	(1,876,132)	5,354,700
Net assets at beginning of year	<u>7,766,171</u>	<u>315,114</u>	<u>216,949</u>	<u>347,276</u>	<u>3,377,415</u>	<u>(645,809)</u>	<u>11,377,116</u>	<u>6,022,416</u>
Net assets at end of year	<u>\$ 7,469,217</u>	<u>\$ 435,359</u>	<u>\$ 233,782</u>	<u>\$ 298,442</u>	<u>\$ 2,838,244</u>	<u>\$ (1,774,060)</u>	<u>\$ 9,500,984</u>	<u>\$11,377,116</u>

See Independent Auditors' Report

LOUISIANA BAR FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022

(See Independent Auditors' Report)

	<u>Donna C. Cuneo</u> <u>Executive Director</u>
Time served	\$ _____ -
benefits, and other payments	\$ _____ -

There were no payments for the benefit of the Executive Director that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency) that the Foundation receives.



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

To the Board of Directors of
Louisiana Bar Foundation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Bar Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2022.

Report Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Louisiana Bar Foundation'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Bar Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Bar Foundation'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.



To the Board of Directors of
Louisiana Bar Foundation
New Orleans, Louisiana
October 19, 2022

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Bar Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

October 19, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA BAR FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Louisiana Bar Foundation.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended June 30, 2022.

SECTION II - FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

LOUISIANA BAR FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

SECTION II – MANAGEMENT LETTER ITEMS

NOT APPLICABLE

LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
LOUISIANA BAR FOUNDATION
NEW ORLEANS, LOUISIANA
FOR THE YEAR ENDED
JUNE 30, 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Louisiana Bar Foundation
New Orleans, Louisiana

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, 2021 through June 30, 2022. Louisiana Bar Foundation's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Bar Foundation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

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

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

October 19, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

LOUISIANA BAR FOUNDATION
AGREED-UPON PROCEDURES
JULY 1, 2021 – JUNE 30, 2022

WRITTEN POLICIES AND PROCEDURES

1. **Procedures:** 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:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***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.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***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).
 - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) ***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.

LOUISIANA BAR FOUNDATION
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2021 – JUNE 30, 2022

WRITTEN POLICIES AND PROCEDURES (CONTINUED)

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***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.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: The written policies and procedures entirely address the functions of budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, credit cards, travel and expense reimbursement, and information technology disaster recovery/business continuity. Debt is not applicable as the Organization has not issued any debt. Ethics, and sexual harassment are not applicable as the Organization is a private not-for-profit entity.

BOARD OR FINANCE COMMITTEE

- 2. **Procedures:** 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:
 - a) 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.
 - b) 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.
 - c) 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.

LOUISIANA BAR FOUNDATION
AGREED-UPON PROCEDURES (CONTINUED)
JULY 1, 2021 – JUNE 30, 2022

BOARD OR FINANCE COMMITTEE (CONTINUED)

Results: The board meets on a quarterly basis and financial comparison of quarterly annual financial comparisons were discussed. The board minutes reference financial activity relating to public funds. Procedure 2C is not applicable as the Organization is not a governmental entity.

BANK RECONCILIATIONS

3. **Procedures:** 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:
- a) 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);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) 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: Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. Bank reconciliations had no reconciling items outstanding for more than 12 months at the statement closing date.

COLLECTIONS

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

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COLLECTIONS (CONTINUED)

- a) Employees responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: The employee responsible for collecting cash is not responsible for preparing/making bank deposits. The employee responsible for collecting cash is not responsible for posting collection entries to the general ledger. The employee responsible for reconciling collections to the general ledger by revenue source is not responsible for collecting cash.

6. **Procedures:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: The Organization has an insurance policy that covers theft, and it was in force during the fiscal period.

7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

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COLLECTIONS (CONTINUED)

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: For the ten pre-numbered deposit selected we observed that the receipts were sequentially pre-numbered, traced to the deposit slip to the actual deposit per the bank statement, observed the deposit was made within one business day of the receipt and traced the actual deposit per bank statement to the general ledger.

NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)

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

Results: The Organization had at least two employees involved in initiating a purchase request, approving a purchase, placing an order/making the purchase and processing and approving payments to vendors. The employee responsible for processing payments is prohibited from adding/modifying vendor files. Either the employee responsible for signing checks mails the payment or gives the signed checks to another employee to mail who is not responsible for processing payments.

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**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES) (CONTINUED)**

10. **Procedures:** For each location selected under #8 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:
- a) Observe that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: The 5 disbursements matched the related original itemized invoice and supporting documentation indicated that deliverables included on the invoice were received by the entity. The disbursement documentation included evidence of segregation of duties.

CREDIT CARDS/DEBIT CARDS/P-CARDS

11. **Procedure:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. **Procedures:** 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:
- a) 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

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CREDIT CARDS/DEBIT CARDS/P-CARDS (CONTINUED)

13. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Credit card testing is not applicable as client does not maintain credit cards, debit cards, fuel cards or P-cards.

TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: The five reimbursements selected used actual costs. The reimbursements selected agreed to the original itemized receipt, supporting documentation of the business/public purpose, and the reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement.

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AGREED-UPON PROCEDURES (CONTINUED)
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CONTRACTS

15. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with contract terms (e.g., if approval is required for any amendment, was approval documented)
 - d) 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: Neither Louisiana Procurement Code nor Public Bid Law applies to the three sampled contracts due to the nature of the contracts. Each contract was approved by the governing board. There were no amendments to the contracts and all the payments agreed to the terms and conditions of the contract. The invoices for the selected payments agreed to the contract terms and the related payment agreed to the terms and conditions of the contract.

PAYROLL AND PERSONNEL

16. **Procedures:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: Each employee's paid salaries agreed to the authorized salaries/payrates in the personnel files.

17. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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PAYROLL AND PERSONNEL (CONTINUED)

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: The employees selected had documentation of daily attendance and leave, supervisors approved the attendance and leave forms, any leave accrued or taken during the pay period is reflected in the cumulative leave records and the observed pay rate agreed to the authorized personnel file.

18. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours, and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to entity policy.

Results: Termination pay testing was not applicable as the Organization did not pay any severance pay in the current fiscal year.

19. **Procedures:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

LOUISIANA BAR FOUNDATION
AGREED-UPON PROCEDURES (CONTINUED)
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ETHICS

20. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: Ethics testing is not applicable as the Organization is a private not-for-profit entity.

DEBT SERVICE

21. **Procedures:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

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

Results: Debt is not applicable as the Organization is does not issue any debt.

FRAUD

23. **Procedures:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: There were no misappropriations of public funds and assets during the fiscal period.

24. **Procedures:** 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: The Organization has posted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

LOUISIANA BAR FOUNDATION
AGREED-UPON PROCEDURES (CONTINUED)
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INFORMATION TECHNOLOGY/DISASTER RECOVERY/ BUSINESS CONTINUITY

25. **Procedures:** Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We obtained and inspected the entity's most recent documentation that it has backed up its critical data and observe that such backup occurred within the past week, verified that its backups can be restored and observed evidence that the verification was successfully performed within the past three months, selected 5 computers and observed management demonstrate 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.

SEXUAL HARASSMENT

26. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. **Procedures:** 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).
28. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.
 - a) Number and percentage of public servants in the agency who have completed the training requirements;

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SEXUAL HARASSMENT (CONTINUED)

- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: The Organization as a private non-profit is not subject to the sexual harassment law, R.S. 42:344 and procedures 26, 27, and 28 are not applicable.