

THE ORCHARD FOUNDATION

ALEXANDRIA, LOUISIANA

DECEMBER 31, 2021 AND 2020

THE ORCHARD FOUNDATION

ALEXANDRIA, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-11

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments To Agency Head	12
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards	14

OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required By the Uniform Guidance	17-18
Schedule of Findings and Questioned Costs	19-20
Schedule of Prior Year Findings	21

AUDITED FINANCIAL STATEMENTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

May 26, 2022

The Board of Trustees
The Orchard Foundation
Alexandria, Louisiana

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Orchard Foundation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Orchard Foundation as of December 31, 2021 and 2020, 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 (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 Orchard Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Orchard Foundation's ability to continue as a going concern within one year after the date that the financial statements are 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, including omissions, 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 Orchard 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 The Orchard Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, also is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on page 12 and the schedule of expenditures of federal awards 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 May 26, 2022 on our consideration of The Orchard Foundation'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Orchard Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Orchard Foundation's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

THE ORCHARD FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Assets:		
Cash and cash equivalents	2,186,925	323,720
Grants receivable	5,137,138	8,202,419
Accounts receivable	318	140
Prepaid expenses	113,455	75,744
Property and equipment, net	<u>16,336</u>	<u>18,798</u>
Total assets	<u><u>7,454,172</u></u>	<u><u>8,620,821</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accounts payable	134,274	124,497
Due to The Rapides Foundation	9,876	114,070
Accrued expenses	<u>25,757</u>	<u>-</u>
Total liabilities	169,907	238,567
 Net assets:		
Without donor restrictions	410,812	696,274
With donor restrictions	<u>6,873,453</u>	<u>7,685,980</u>
Total net assets	<u><u>7,284,265</u></u>	<u><u>8,382,254</u></u>
Total liabilities and net assets	<u><u><u>7,454,172</u></u></u>	<u><u><u>8,620,821</u></u></u>

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

THE ORCHARD FOUNDATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, gains, and other support:</u>			
Contributions (net of amounts returned to grantor of \$959,372 and \$85,347)	1,053,954	1,221,800	2,275,754
Other income	<u>866</u>	<u>19,439</u>	<u>20,305</u>
Total revenues, gains, and other support	1,054,820	1,241,239	2,296,059
Net assets released from restrictions	<u>2,053,766</u>	<u>(2,053,766)</u>	<u>-</u>
Total revenues, gains, and other support after reclassifications	3,108,586	(812,527)	2,296,059
<u>Expenses:</u>			
Effective schools	323,785	-	323,785
Early childhood	546,559	-	546,559
College and career	2,256,566	-	2,256,566
Administration	<u>267,138</u>	<u>-</u>	<u>267,138</u>
Total expenses	<u>3,394,048</u>	<u>-</u>	<u>3,394,048</u>
<u>Change in net assets</u>	(285,462)	(812,527)	(1,097,989)
<u>Net assets, beginning of year</u>	<u>696,274</u>	<u>7,685,980</u>	<u>8,382,254</u>
<u>Net assets, end of year</u>	<u>410,812</u>	<u>6,873,453</u>	<u>7,284,265</u>

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

2020		
Without Donor Restrictions	With Donor Restrictions	Total
869,690	7,381,378	8,251,068
<u>1,347</u>	<u>8,345</u>	<u>9,692</u>
871,037	7,389,723	8,260,760
<u>1,610,433</u>	<u>(1,610,433)</u>	<u>-</u>
2,481,470	5,779,290	8,260,760
107,314	-	107,314
481,580	-	481,580
1,884,936	-	1,884,936
<u>313,097</u>	<u>-</u>	<u>313,097</u>
<u>2,786,927</u>	<u>-</u>	<u>2,786,927</u>
(305,457)	5,779,290	5,473,833
<u>1,001,731</u>	<u>1,906,690</u>	<u>2,908,421</u>
<u>696,274</u>	<u>7,685,980</u>	<u>8,382,254</u>

THE ORCHARD FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				Total
	Effective Schools	Early Childhood	College and Career	Administration	
Salaries and wages	30,526	99,422	106,549	143,773	380,270
Retirement	1,569	9,739	10,559	13,189	35,056
Other employee benefits	3,249	10,765	9,784	10,046	33,844
Payroll taxes	1,943	7,303	7,516	10,838	27,600
Fees for services	-	-	876	18,903	19,779
Advertising and promotion	374	22,273	35,552	2,014	60,213
Office expenses	630	393	470	7,249	8,742
Information technology	297	-	97,578	3,719	101,594
Occupancy	194	775	1,049	17,175	19,193
Travel	5,508	10,974	17,149	802	34,433
Conferences, conventions and meetings	20,601	11,677	6,210	6	38,494
Depreciation	-	-	-	5,137	5,137
Insurance	-	-	-	2,748	2,748
Contract services	245,585	340,876	1,951,385	32,905	2,570,751
Program supplies	13,309	32,362	11,889	950	58,510
Memberships and dues	-	-	-	1,824	1,824
Other	-	-	-	(4,140)	(4,140)
Total expenses	<u>323,785</u>	<u>546,559</u>	<u>2,256,566</u>	<u>267,138</u>	<u>3,394,048</u>

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

2020				
Effective Schools	Early Childhood	College and Career	Administration	Total
7,826	92,927	115,878	175,807	392,438
529	9,291	9,392	17,554	36,766
1,241	5,605	9,935	16,171	32,952
528	7,029	8,191	13,280	29,028
27,093	-	575	9,995	37,663
274	31,964	26,875	4,438	63,551
1,579	1,032	1,041	4,588	8,240
24	-	100,604	3,199	103,827
180	2,911	2,501	18,571	24,163
2,312	6,507	8,757	-	17,576
6,971	6,342	980	585	14,878
-	-	-	3,623	3,623
-	-	-	2,345	2,345
58,757	201,829	1,583,153	36,269	1,880,008
-	116,143	17,054	163	133,360
-	-	-	324	324
-	-	-	6,185	6,185
<u>107,314</u>	<u>481,580</u>	<u>1,884,936</u>	<u>313,097</u>	<u>2,786,927</u>

THE ORCHARD FOUNDATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	(1,097,989)	5,473,833
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,137	3,623
Changes in operating assets and liabilities:		
Grants receivable	3,065,281	(7,189,090)
Accounts receivable	(177)	4,417
Prepaid expenses	(37,711)	1,764
Accounts payable	9,777	89,992
Due to/from The Rapides Foundation	(104,194)	114,070
Accrued expenses	<u>25,757</u>	<u>(18,454)</u>
Net cash provided (used) by operating activities	1,865,881	(1,519,845)
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	<u>(2,676)</u>	<u>(17,014)</u>
Net cash (used) by investing activities	<u>(2,676)</u>	<u>(17,014)</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	1,863,205	(1,536,859)
<u>Cash and cash equivalents at beginning of the year</u>	<u>323,720</u>	<u>1,860,579</u>
<u>Cash and cash equivalents at end of the year</u>	<u><u>2,186,925</u></u>	<u><u>323,720</u></u>

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

THE ORCHARD FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. Nature of Business

On June 17, 2004, The Orchard Foundation (the "Foundation"), a Louisiana nonprofit corporation, was organized to carry on charitable and educational programs or activities. On May 24, 2007, The Orchard Foundation became a supporting organization of The Rapides Foundation, a Louisiana nonprofit corporation. The Foundation's mission is to improve academic achievement for Central Louisiana students by promoting best practices; recruiting, retaining, and rewarding excellent and innovative teachers; building school leadership; and strengthening school and community relationships. It furthers its mission using the following programmatic areas:

Effective Schools – creating, developing, and implementing continuing professional and leadership development programs for educators.

Early Childhood – developing and training professional staff providing preschool programs and facilitating reading programs for parents and their preschool children.

College and Career – providing incentives, opportunities, and resources to expose educators and students to career opportunities and coordinate them with workforce development.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, maintenance, and related facilities expenses, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

2. Summary of Significant Accounting Policies

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

The Foundation is required to report information regarding its financial position and activities based on the absence or existence of donor or grantor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor or grantor restrictions. Some net assets without donor restrictions, amounting to \$60,725, have been designated by the Board for the benefit of Rapides Parish.

Net assets with donor restrictions – Net assets subject to donor or grantor restrictions that may or will be met by actions of the Foundation, and/or by the passage of time.

- b. Contributions, which include grants, received are recorded as support with or without donor restrictions depending on the existence and/or nature of those restrictions.

2. Summary of Significant Accounting Policies (Continued)

- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.
- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
- f. The Foundation is a nonprofit organization and exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information tax return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax-exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files U.S. federal Form 990 for informational purposes. The Foundation's federal income tax returns are subject to examination by the Internal Revenue Service, generally for a period of three years.

- g. Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method. Equipment and furniture are depreciated over an estimated useful life of three to seven years. The Foundation capitalizes and depreciates fixed asset acquisitions of \$1,000 or more.
- h. Advertising and promotion costs are expensed as incurred. Such costs amounted to \$60,213 and \$63,551 for the years ended December 31, 2021 and 2020, respectively.
- i. The Rapides Foundation pays employees of The Orchard Foundation then charges The Orchard Foundation accordingly. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

3. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of funds received for the following programs as of December 31,

	<u>2021</u>	<u>2020</u>
Subject to expenditure over time:		
Operations	1,188,000	-
Subject to expenditure for specified purpose:		
Effective Schools	1,037,331	1,361,116
Rapides Public Education	60,947	60,947
School Readiness	2,032,853	2,576,913
Work Ready Network	2,526,236	3,679,302
New Skills for Youth	28,086	7,702
	<u>5,685,453</u>	<u>7,685,980</u>
Total net assets with donor restrictions	<u>6,873,453</u>	<u>7,685,980</u>

4. Concentration of Credit Risk

At times throughout the year, the Foundation may maintain certain bank accounts in excess of federally insured limits. The risk is mitigated by maintaining deposits in only well capitalized financial institutions.

5. Property and Equipment

A summary of property and equipment follows:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	27,646	29,505
<u>Less-accumulated depreciation</u>	<u>(11,310)</u>	<u>(10,707)</u>
	<u>16,336</u>	<u>18,798</u>

Depreciation expense was \$5,137 and \$3,623 for the years ended December 31, 2021 and 2020, respectively.

6. Related Party

The Rapides Foundation is the sole member of The Orchard Foundation and appoints the Board of Trustees. Amounts listed as "Due to The Rapides Foundation" consist primarily of payroll and rent. The Rapides Foundation pays employees of The Orchard Foundation then charges The Orchard Foundation accordingly. Other related party balances with The Rapides Foundation consist of the following at December 31,

	<u>2021</u>	<u>2020</u>
Grants receivable	<u>4,890,725</u>	<u>8,202,419</u>
Grants, net of returns	<u>1,188,000</u>	<u>7,601,447</u>

7. Liquidity and Availability

Financial assets, consisting of cash and accounts receivable, that are available for general expenditure, that is, without donor or other restrictions limiting their use, amounted to \$450,928 and \$840,299 at December 31, 2021 and 2020. Management has a goal to maintain sufficient financial resources on hand to meet sixty days of normal operating expenses.

8. Employee Benefit Plan

The Foundation's eligible employees participate in The Rapides Foundation's tax deferred annuity plan (Internal Revenue Code Section 403(b)) that covers all employees working over 1,000 hours per year. Retirement costs are allocated between administrative and program expenses, which are accrued and funded on a current basis. The plan does not provide for any prior service cost. Retirement contributions were \$35,056 and \$36,766 for the years ended December 31, 2021 and 2020, respectively.

9. Contingencies

The Orchard Foundation receives revenues from various third-party payors for grant programs which are subject to final review and approval as to allow ability of expenditures by the respective grantors. Any settlements or expenses arising out of a final review are recognized in the period in which agreed upon by the grantor and Foundation. It is management's opinion that any reviews by the grantor agencies would not produce adjustments to program costs that would materially affect the Foundation's financial position.

The World Health Organization declared the coronavirus outbreak a pandemic in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of substantially all countries around the world, including the geographical area in which the Foundation operates. While the disruption currently is expected to be temporary, there is considerable uncertainty about its duration. Although the pandemic could negatively affect the Organization, the amount of that impact and its duration cannot be reasonably estimated at this time.

10. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740 "*Subsequent Events*," the Foundation evaluated events and transactions that occurred after the balance sheet date but before the financial statements were made available for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through May 26, 2022, the date which the financial statements were available to be issued, and noted no such events.

SUPPLEMENTARY INFORMATION

THE ORCHARD FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head: Marjorie Taylor

Salary	132,042
Benefits-insurance-health	2,400
Benefits-retirement	13,210
Benefits-life insurance	608
Cell phone	1,440
Travel	484

THE ORCHARD FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Revenue Recognized	Expenditures
<u>U. S Department of Education:</u>				
Teacher Quality Partnership Grants (2021)	84.3365	998,830	246,413	246,413
Teacher Quality Partnership Grants (2020)	84.3365	999,844	<u>807,541</u>	<u>807,541</u>
			<u>1,053,954</u>	<u>1,053,954</u>
 Total Federal Awards			 <u>1,053,954</u>	 <u>1,053,954</u>

THE ORCHARD FOUNDATION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Orchard Foundation and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the financial statements. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The Orchard Foundation did not pass through any of its federal awards to a subrecipient during the fiscal year, nor did it expend any federal awards in the form of noncash assistance.

The Orchard Foundation used an approved indirect cost rate of 2% of direct costs during the fiscal year.

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

May 26, 2022

The Board of Trustees
The Orchard Foundation
Alexandria, Louisiana

**Independent Auditor's 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**

We have audited, in accordance with the 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 The Orchard Foundation as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise The Orchard Foundation's basic financial statements, and have issued our report thereon dated May 26, 2022.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Orchard 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

May 26, 2022

The Board of Trustees
The Orchard Foundation
Alexandria, Louisiana

Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited The Orchard Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Orchard Foundation's major federal programs for the year ended December 31, 2021. The Orchard Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Orchard Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Orchard Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Orchard Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, The Orchard Foundation 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 December 31, 2021.

Report on Internal Control Over Compliance

Management of The Orchard Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Orchard Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Orchard Foundation's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

THE ORCHARD FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

We have audited the financial statements of The Orchard Foundation as of and for the year ended December 31, 2021, and have issued our report thereon dated May 26, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2021 resulted in an unmodified opinion.

Section I – Summary of Auditor’s Reports

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of The Orchard Foundation.
2. No material weaknesses relating to the audit of the basic financial statements were reported.
3. No instances of noncompliance relating to the audit of the basic financial statements were disclosed during the audit.
4. No material weaknesses relating to the audit of major federal award programs are reported.
5. The auditor’s report on compliance for major federal award programs of The Orchard Foundation expresses an unmodified opinion.
6. There are no audit findings relative to major federal award programs of The Orchard Foundation.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Teacher Quality Partnership Grants	84.336S

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Orchard Foundation does not qualify as a low-risk auditee, as this is its second year of being subject to Federal Single Audit requirements.

Section II – Financial Statement Findings

No matters were reported.

Section III-Major Federal Award Programs

No matters were reported.

THE ORCHARD FOUNDATION
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020-01 Reconciliation of Grant Receivables and Revenue

Resolved