NEW ORLEANS BIOINNOVATION CENTER, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

NEW ORLEANS BIOINNOVATION CENTER, INC.
AND SUBSIDIARY

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CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
3850 North Causeway Boulevard
Suite 1400
Two Lakeway Center
Metairie, LA 70002

504.837.9116
504.837.0123 (fax)
CRIadv.com

Board of Directors of
New Orleans BioInnovation Center, Inc. and Subsidiary
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of New Orleans BioInnovation Center, Inc. and Subsidiary (the Corporation), which comprises the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related consolidated notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024, 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 Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Corporation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 consolidated financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head (supplemental schedule) on page 19 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the consolidated 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 December 20, 2024, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 20, 2024

NEW ORLEANS BIOINNOVATION CENTER, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

		2024
ASSETS		
Cash and cash equivalents	$	1,543,533
Accounts and other receivables—net		623,541
Investments		-
Prepaid expenses and other assets		180,377
Right of use asset - operating lease		204,760
Property, plant, and equipment—net		31,953,535
TOTAL ASSETS	$	34,505,746
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$	166,258
Rental deposits		53,984
Deferred revenue		348,323
Lease liabilities		204,760
Total liabilities		773,325
NET ASSETS:		
Without donor restrictions		1,808,426
With donor restrictions		31,923,995
Total net assets		33,732,421
TOTAL LIABILITIES AND NET ASSETS	$	34,505,746

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

NEW ORLEANS BIOINNOVATION CENTER, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total 2024
REVENUES:			
Government grants and contracts	$ 330,568	$ -	**$ 330,568**
Public support	-	295,000	**295,000**
Contributions of nonfinancial assets	160,903	-	**160,903**
Rental income	1,758,039	-	**1,758,039**
Other	108,286	-	**108,286**
Net assets released from restrictions	1,273,906	(1,273,906)	**-**
Total revenues	3,631,702	(978,906)	**2,652,796**
EXPENSES:			
Salaries and related expenses	837,910	-	**837,910**
Contract outside services	388,075	-	**388,075**
Professional services	195,059	-	**195,059**
Supplies	73,896	-	**73,896**
Telecommunications	60,274	-	**60,274**
Postage and shipping	110	-	**110**
Printing and copying	10,220	-	**10,220**
Books, subscriptions, reference	4,969	-	**4,969**
Rent	14,902	-	**14,902**
Utilities	356,585	-	**356,585**
Equipment rental and maintenance	154,655	-	**154,655**
Travel and meeting expenses	85,427	-	**85,427**
Insurance	172,112	-	**172,112**
Membership dues	5,308	-	**5,308**
Outside computer services	36,018	-	**36,018**
Marketing expense	49,283	-	**49,283**
Contributions of nonfinancial assets	160,903	-	**160,903**
Loss on investments	236,183	-	**236,183**
Bad debts	133,200	-	**133,200**
Other costs	6,310	-	**6,310**
Total expenses	2,981,399	-	**2,981,399**
Change in net assets from operating activities before depreciation and amortization	650,303	(978,906)	**(328,603)**
Depreciation and amortization	1,165,794	-	**1,165,794**
CHANGE IN NET ASSETS	(515,491)	(978,906)	**(1,494,397)**
BEGINNING NET ASSETS	2,323,917	32,902,901	**35,226,818**
ENDING NET ASSETS	$ 1,808,426	$ 31,923,995	**$ 33,732,421**

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

NEW ORLEANS BIOINNOVATION CENTER, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

		2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(1,494,397)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization		1,165,794
Provision for bad debts		133,200
Amortization of right-of-use assets - operating leases		7,837
Loss on investments		236,183
Gain on sale of investments		(50,235)
Changes in operating assets and liabilities:		
Decrease in accounts and other receivables		203,173
Increase in prepaid expenses and other assets		(4,157)
Increase in accounts payable and accrued liabilities		35,295
Decrease in deferred revenue and rental deposits		(8,952)
Decrease in lease liabilities - operating		(7,837)
Net cash provided by (used in) operating activities		$215,904
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments		(275,000)
Proceeds from investments		89,051
Purchase of property, plant and equipment		(125,740)
Net cash provided by (used in) investing activities		(311,689)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(95,785)
CASH AND CASH EQUIVALENTS—Beginning of year		1,639,318
CASH AND CASH EQUIVALENTS—End of year	$	1,543,533

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

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. Principles of Consolidation

The consolidated financial statements include the accounts of New Orleans BioInnovation Center, Inc. (NOBIC) and its wholly owned subsidiary, New Orleans BioFunding, L.L.C., (NOBF), a for-profit corporation. All inter-company accounts and transactions have been eliminated. At June 30, 2024, an intercompany payable of $31,417 was due from NOBF to NOBIC.

2. Nature of Activities

The New Orleans BioInnovation Center, Inc. and Subsidiary (the "Corporation") is a business incubator, with the primary purpose of creating and supporting jobs, primarily in the bioscience and environmental science areas. This mission is supported by a leasing office and wet-lab space and providing free or low-cost business services to local life science start-up companies. The Corporation also periodically holds public business coaching seminars/workshops provided by members of the business community. In addition, the Corporation supplies capital to emerging companies in the Greater New Orleans area in the form of loans and equity investments. The Corporation's activities are intended to foster economic development through the creation of new jobs, diversification of the local economy, and revitalization of an economically depressed area of the City of New Orleans. The Corporation is located in its 66,000 square foot facility located at 1441 Canal Street in downtown New Orleans.

The Corporation may also develop and manage other properties within the bio-medical corridor.

The Corporation is a private, non-profit entity. The Corporation is organized and shall be operated for the principal purpose of supporting one or more programs, facilities or research or educational opportunities offered by LSU Health Sciences Center, Tulane Health Sciences Center, Xavier University, the University of New Orleans, and the community at large.

The New Orleans BioInnovation Center, Inc. is organized and constituted as a nonprofit corporation exempt from income taxation under and in accordance with the provisions of Section 501 (c)(3) of the Internal Revenue Code and the Nonprofit Corporation Law of the State of Louisiana, La.Rev.Stat. 12:201-269.

3. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

4. Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to contributions of non-financial assets and allocation of functional expenses.

5. Financial Statement Presentation

As prescribed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 958, the Corporation classifies its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

The Corporation’s two net asset categories are described below.

Net assets without donor restrictions include the following:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulation or other restrictions and the net revenues received and expenses incurred in conducting its missions.

- Revenue received with donor-imposed restrictions that are met in the same year in which the revenue is received is classified as net assets without donor restrictions.

Net assets with donor restrictions include the following:

- Net assets with donor restrictions include funds for which donor-imposed restrictions have not been met, and as of June 30, 2024, consist of the original cost of the building and equipment, reduced by amortization over the depreciable life of the building.

6. Revenue Recognition

Government Grants and Contracts - Grants are recognized when NOBIC has reasonable assurance that (1) it has complied with the relevant conditions of the grant in the applicable reporting period, and (2) the grant funds will be received.

Public Support - NOBIC recognizes all contributed support as income in the period received. Contributed support is reported as without donor restrictions or with donor restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as "net assets released from restrictions."

During the year ended June 30, 2023, The JPMorgan Chase Foundation approved the NOBIC for a grant in support of Advancing Diversity in Life-Sciences Entrepreneurship, in the amount of $495,000 for a 2-year term. The investment funds shall be subject to the rules, regulations, and guidelines of The JPMorgan Chase Foundation. NOBIC received $295,000 during the year ended June 30, 2024 and the remaining $200,000 in October of 2024.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

Leases - As a lessor, NOBIC has retained substantially all of the risks and benefits of ownership of properties held for lease and accounts for the leases as operating leases. Income on leases, which includes scheduled increases in rental rates during the lease term and/or abated rent payments for various periods following the tenant's lease commencement date, is recognized on the straight-line method over the life of the lease. Lease payments received in advance are recorded as deferred revenue.

Contribution Revenue – Contributions of nonfinancial assets - Contributions of nonfinancial assets that meet the criteria for recognition as contributions consisting of contributed services that enhance nonfinancial assets or require specialized skill as support are recorded at their fair value. Fair value is estimated based on fees or hourly rates charged for similar services under similar conditions.

7. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

8. Accounts and Other Receivables - net

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

The Corporation carries an allowance for credit losses of $153,200 which management considers adequate. Management regularly assesses the adequacy of the allowance for credit losses by evaluating the collectability of aging receivables, the past history of the tenant and other factors.

9. Investments

Investments are presented in accordance with requirements established by the FASB ASC as set forth in FASB ASC 958-320, Investments-Debt and Equity Securities. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. See Note D.

Dividends, interest and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

10. Property, Plant and Equipment- net

The Corporation capitalizes at cost, all property, plant and equipment in excess of $5,000. Lesser amounts are expensed as incurred. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives or leasehold life, whichever is shorter, based on the straight-line method. A summary of the estimated useful lives assigned adopted by the Corporation are as follows:

	Estimated Useful Life
Buildings	40 years
Equipment	5-10 years

The Corporation reviews long-lived assets for impairments whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. At June 30, 2024, management believes no such impairment has occurred.

11. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the consolidated statement of financial position. Cash and cash equivalents carrying amounts reported in the consolidated statement of financial position approximate fair values because of the short maturities of those instruments.

ASC 820-10 adopts a hierarchy approach for ranking the quality and reliability of the information used to determine fair values in one of three categories to increase consistency and comparability in fair value measurements and disclosures. ASC 820 exempts assets measured using the Net Asset Value (NAV) expedient from this hierarchy. ASC 820 establishes a common definition for fair value to be applied in accordance with U.S. GAAP, which requires the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. For all other assets measured at fair value, the highest priority (Tier 1) is given to quoted prices in active markets for identical assets. Tier 2 assets are valued based on inputs other than quoted prices that are “observable.” For example, quoted prices for similar securities or quoted prices in inactive markets would both be observable. In Tier 3, the inputs used for valuation are not observable or transparent and assumptions have to be made about how market participants would price the underlying assets. Investments are classified based on the lowest level of input that is significant to the fair value measurement. The Corporation has Tier 3 assets. The Corporation analyzes all financial instruments with features of both liabilities and equity under the FASB accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. See additional fair value information in Note D.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

12. Leases

As a lessee, the Corporation analyzes each lease agreement to determine whether it should be classified as an operating or finance lease. In addition, the Corporation evaluates service contracts that involve the use of an identified asset (such as property, plant, or equipment) to determine if the contract contains a lease. As of June 30, 2024, the Corporation has no finance leases. For operating leases, the Corporation recognizes in the consolidated statement of financial position a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments. Payments made on the lease liability, as well as the amortization of the right-of-use asset are recognized over the term of the lease on a straight-line basis in the consolidated statement of activities. Variable lease costs such as various supply and sundry costs and other operating costs are expensed as incurred. Cash payments for operating leases are classified within the operating activities in the consolidated statement of cash flows. As the Corporation's leases do not provide an implicit rate, the Corporation has used a risk-free rate based on the information available at our adoption date in determining the present value of lease payments. For all lease agreements, the Corporation combines lease and non-lease components. The Corporation has elected the short-term lease exemption and materiality expedient and therefore does not recognize a right-of-use asset and related lease liability for lease arrangements with an original term of 12 months or less or total lease payments less than $0.1 million.

The Corporation leases certain real property and equipment. These leases are classified as operating leases and have lease terms ranging up to 20 years. As of June 30, 2024, the Corporation had right-of-use assets of $204,760 and corresponding lease liabilities of $204,760 for the future obligations of the leases discounted by the Corporation's estimated risk-free rate of 3.38% for existing leases entered into during fiscal year 2024.

The table below summarizes the undiscounted cash flows for future long-term lease liability payments for the years ended June 30, 2024:

Fiscal Year	**Amount**
2025	**$ 14,902**
2026	**14,902**
2027	**14,902**
2028	**14,902**
2029	**14,902**
Thereafter	**201,176**
Total minimum lease payments	**275,686**
Less: amounts representing interest	**(70,926)**
Total Long-term lease liabilities	**$ 204,760**

Total lease expense amounted to approximately $14,902 for the year ended June 30, 2024.

13. Advertising Costs

The Corporation expenses advertising costs as incurred. Marketing expense was $49,283 for the year ended June 30, 2024.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 20, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

15. Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which is often referred to as the CECL model, or current expected credit losses. Among other things, the amendments in this ASU require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The Corporation adopted ASU 2016-13 on July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

NOTE B – MANAGED SERVICES AGREEMENT

Effective March 1, 2020, NOBIC entered into a Managed Services Agreement with Tulane to provide support through the use of its employees or independent contractors which includes the following areas at no cost to NOBIC: a) building operations and maintenance, b) property management and leasing, c) financial, accounting and bookkeeping services and d) other areas. The initial term of the agreement is for five years with five successive five-year automatic renewal periods, unless terminated in writing by either party in accordance with the provisions, as defined.

Contributions of Nonfinancial Assets

All contributions of nonfinancial assets were utilized by the Organization's program and supporting services. Contributions of nonfinancial assets is comprised of the following for the year ended June 30, 2024:

	2024
Contributed Financial Services	$ 81,620
Contributed Operations and Maintenance Services	75,683
Contributed Information Technology	3,600
	$ 160,903

Contributed services recognized comprise professional services from accountants, facilities personnel, and computer technician on various administrative matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar professional services. Additionally, Tulane rented laboratory and office space in the amount of $700,439 which is included in rental income in the consolidated statement of activities.

NOTE C – ACCOUNTS AND OTHER RECEIVABLES – NET

Accounts and other receivables - net as of June 30, 2024 consisted of amounts due from the following sources:

	2024
Trade receivables	$ 5,000
Rent receivable	365,031
Grants receivable	365,428
Interest and other receivable	41,282
Total accounts receivable	$ 776,741
Less: allowance for credit losses	(153,200)
Accounts and other receivables, net	$ 623,541

NOTE D – INVESTMENTS

As of June 30, 2024, NOBF had investments consisting of preferred stock and convertible instruments, as follows:

	Tier 1	Tier 2	Tier 3	Total
Convertible promissory note	$ -	$ -	$ 318,014	$ 318,014
Preferred stock	-	-	670,107	670,107
Total	-	-	988,121	988,121
Valuation reserve	-	-	(988,121)	(988,121)
Total investments at fair value	$ -	$ -	$ -	$ -

Generally accepted accounting principles require that investments be presented at fair value. The investments are with companies in the initial stage of development and show the promise of growth in the local area. The companies are also working with the universities in New Orleans using university-based technology to develop viable products. The current year loss on investments in these companies is $236,183 as noted in the consolidated statement of activities. The fair value of the investments in these companies is considered to be zero at June 30, 2024.

NOTE E – PROPERTY, PLANT AND EQUIPMENT – NET

Property and equipment consist of the following at June 30, 2024:

Building	$ 45,247,408
Equipment	1,907,222
Total	47,154,630
Less accumulated depreciation	(15,201,095)
Property, plant and equipment, net	$ 31,953,535

The building was constructed on land leased from LSU, which has a reversionary interest in the building. See Note G.

Depreciation expense for the year amounted to $1,165,794.

NOTE F - DEFERRED REVENUE

Deferred revenue consists of prepaid tenant rent. Deferred revenue at June 30, 2024 totaled $348,323.

NOTE G - LEASE AGREEMENT

LSU owns the land located at 1441 Canal Street, New Orleans. NOBIC entered into a lease agreement with LSU on December 13, 2002 for a primary term of 20 years and options to renew the lease for two 10-year periods. Rental payments stated in the First Lease Amendment dated April 11, 2005, provides for $800 a month commencing upon substantial completion of construction and acceptance for occupancy by NOBIC. The rental rates for renewal option periods provided for by the Renovation Lease shall be calculated by first determining the value of the land as follows: capitalizing the net operating income for the project for the year preceding the exercise of the option at ten percent, and attributing twenty percent of the value so derived to the land; and, second, applying ten percent of the land value so determined as the annual rent for the renewal period. On September 14, 2022, NOBIC exercised the first 10-year period renewal option. As of December 31, 2022, the annual rent for the renewal period has increased to $1,242. LSU has a reversionary interest in the building.

NOTE H - TENANT LEASES

The Corporation leases office, laboratory and parking facilities to tenants under operating leases. The leases are for an initial term of one year, with an option to renew for various periods extending through 2031. Lease revenue for the year ended June 30, 2024 amounted to $1,758,039. Future minimum rental payments on non-cancelable operating leases with lease terms in excess of one year as of June 30, 2024 were as follows:

Fiscal Year	Amount
2025	$ 1,311,088
2026	250,793
2027	119,774
2028 and thereafter	-
Total	$ 1,681,655

NOTE I - INCOME TAXES

NOBIC is exempt from corporate income taxes under Section 501 (c)(3) of the Internal Revenue Code.

NOBIC has adopted the provision of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Corporation does not believe its consolidated financial statements include any uncertain tax positions.

The Corporation’s wholly owned subsidiary, NOBF, has elected to be treated as a disregarded entity for income taxation purposes. All activity is therefore presented on the Corporation’s tax return.

NOTE J - FUNCTIONAL EXPENSES

Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. All other directly identifiable expenses are charged to programs and supporting services. The functional allocation of expenses as of June 30, 2024 is detailed below. The Corporation conducts the following programs, and incurs program expenses, which are reported in the functional allocation of expenses as follows:

Business Services– expenses incurred to provide bioscience and environmental science startup companies with company planning, market research, and other analyses and support which is critical to these companies success and the mission of the Corporation. Periodically holds seminars and networking events.

Facilities – expenses incurred to sustain the physical infrastructure of the Corporation, which houses companies directly related to the Corporation's mission within its facility in downtown New Orleans.

Loan Program – expenses incurred to operate the Biofunding program which supports bioscience and environmental startups in obtaining or providing critical funding.

	Program Services			Supporting Services	
	Business Services	Facilities	Loan Program	Management and General	Total
Salaries and related expenses	$ 348,119	$ 177,506	$ 116,135	$ 196,150	**$ 837,910**
Contract outside services	1,848	236,561	-	149,666	**388,075**
Professional services	105,265	8,964	64,369	16,461	**195,059**
Supplies	22,944	2,882	-	48,070	**73,896**
Telecommunications	-	37,981	-	22,293	**60,274**
Postage and shipping	-	30	73	7	**110**
Printing and copying	10,220	-	-	-	**10,220**
Books, subscriptions, reference	4,124	-	-	845	**4,969**
Rent	-	14,902	-	-	**14,902**
Utilities	-	356,585	-	-	**356,585**
Depreciation	-	1,165,794	-	-	**1,165,794**
Equipment rental and maintenance	159	154,251	-	245	**154,655**
Travel and meeting expenses	73,717	49	-	11,661	**85,427**
Insurance	-	172,112	-	-	**172,112**
Membership dues	5,256	-	-	52	**5,308**
Outside computer services	36,018	-	-	-	**36,018**
Marketing expense	49,283	-	-	-	**49,283**
Contributed services expense	-	75,683	-	85,220	**160,903**
Loss on investments	-	-	236,183	-	**236,183**
Provision for bad debts	-	133,200	-	-	**133,200**
Other costs	1,107	213	365	4,625	**6,310**
Total	**$658,060**	**$2,536,713**	**$417,125**	**$ 535,295**	**$ 4,147,193**

NOTE K - CONCENTRATIONS OF CREDIT RISK

The Corporation maintains cash deposits with financial institutions at June 30, 2024 in excess of federally insured limits of $1,158,255.

NOTE L - RETIREMENT PLAN

The Corporation sponsors a defined contribution plan. All full-time employees are eligible upon date of hire, however, participation is voluntary. The Corporation contributes to the plan an amount equal to 100% of the employee's contribution, limited to 3% of the employee's salary. The contribution rate remained unchanged from the prior year. The 401(k) employer match expense for the year ended June 30, 2024 amounted to $12,466.

NOTE M - NET ASSETS

Net assets with and without donor restrictions at June 30, 2024 consist of the following:

	2024
Without donor restrictions - undesignated	**$ 1,808,426**
With donor restrictions - purpose restricted original building and equipment	**31,673,186**
With donor restrictions - other	**250,809**
Total net assets	**$ 33,732,421**

During fiscal year 2024, $1,273,906 was released from restrictions, equivalent to the annual depreciation expense of the original building and equipment of $1,131,185, whose use is restricted per the lease agreement with LSU (see Note G). The additional $142,721 were program services expenses of the JP Morgan Chase Foundation grant described in Note 4.

NOTE N - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Corporation's expenditures come due. The following reflects the Corporation's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions.

	June 30, 2024
Total assets, at year end	$ 34,505,746
Less nonfinancial assets:	
Property, plant and equipment—net	(31,953,535)
Right of use assets - operating leases	(204,760)
Prepaid expenses and other assets	(180,377)
Financial assets, at year end	2,167,074
Financial assets available to meet cash needs for general expenditures within one year	$ 2,167,074

The Corporation is principally supported by its rental and grant income. In order to assist with meeting its cash flow requirements, the Corporation has a Managed Services Agreement with Tulane which provides contributions of nonfinancial assets (See Note B).

NOTE O - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2024. An officer of Tulane also serves on the Board of Directors of NOBIC (See Note B).

Agency Head Name: Kristopher Khalil, President

The Agency Head is Kristopher Khalil, President. New Orleans BioInnovation Center, Inc. and Subsidiary did not make any payments with public funds to or on behalf of the President for the year ended June 30, 2024.

Carr, Riggs & Ingram, L.L.C.
3850 North Causeway Boulevard
Suite 1400
Two Lakeway Center
Metairie, LA 70002

504.837.9116
504.837.0123 (fax)
CRIadv.com

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*

Board of Directors of
New Orleans BioInnovation Center, Inc. and Subsidiary
New Orleans, Louisiana

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 consolidated financial statements of New Orleans BioInnovation Center, Inc. and Subsidiary (the Corporation), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 consolidated 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 20, 2024

SECTION I – SUMMARY OF AUDITOR'S REPORTS

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal controls over financial reporting:	
a. Material weakness identified?	No
b. Significant deficiencies identified not considered to be a material weakness?	None noted
c. Noncompliance material to financial statements noted?	No

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings noted.

SECTION III – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No findings noted.

CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
3850 North Causeway Boulevard
Suite 1400
Two Lakeway Center
Metairie, LA 70002

504.837.9116
504.837.0123 (fax)
CRIadv.com

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and Management of
New Orleans BioInnovation Center, Inc. and Subsidiary
1441 Canal Street
New Orleans, LA 70112

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, 2023 through June 30, 2024. New Orleans BioInnovation Center, Inc. and Subsidiary's management (the Center) is responsible for those C/C areas identified in the SAUPs.

The Center 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, 2023 through June 30, 2024. 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 results are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the Center's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Center's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the above procedure.

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Results*:* No exceptions were found as a result of applying the above procedure.

iii. ***Disbursements***, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the above procedure.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of applying the above procedure.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were found as a result of applying the above procedure.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of applying the above procedure.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the above procedure.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were found as a result of applying the above procedure.

ix. ***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.

Results: No exceptions were found as a result of applying the procedure.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   Results: No exceptions were found as a result of applying the procedure.

ii. Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Center's collections during the fiscal period.

   Results: No exceptions were found as a result of applying the procedure.

iii. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

   Results: No exceptions were found as a result of applying the procedure.

3) Bank Reconciliations

A. Obtain a listing of Center bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Center's main operating account. Select the Center'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:

   Results: No exceptions were found as a result of applying the procedure

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

   Results: No exceptions were found as a result of applying the procedure.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

   Results: No exceptions were found as a result of applying the procedure.

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

   Results: No exceptions were found as a result of applying the procedure.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the procedure

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

Results: No exceptions were found as a result of applying the procedure

i. Employees responsible for cash collections do not share cash drawers/registers;

Results: No exceptions were found as a result of applying the procedure.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Results: No exceptions were found as a result of applying the procedure.

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Results: No exceptions were found as a result of applying the procedure.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the procedure.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the procedure.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: No exceptions were found as a result of applying the procedure

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Results: No exceptions were found as a result of applying the procedure.

ii. At least two employees are involved in processing and approving payments to vendors;

Results: No exceptions were found as a result of applying the procedure.

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Results: No exceptions were found as a result of applying the procedure.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

Results: No exceptions were found as a result of applying the procedure.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Results: No exceptions were found as a result of applying the procedure.

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

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

Results: No exceptions were found as a result of applying the procedure.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

Results: No exceptions were found as a result of applying the procedure.

D. Using the Center's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Center's policy, and (b) approved by the required number of authorized signers per the Center's policy.

Results: No exceptions were found as a result of applying the procedure.

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

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: No exceptions were found as a result of applying the procedure.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder; and

Results: No exceptions were found as a result of applying the procedure.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of applying the procedure.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedure.

7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

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

Results: No exceptions were found as a result of applying the procedure

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Results: No exceptions were found as a result of applying the procedure.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Results: No exceptions were found as a result of applying the procedure.

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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

Results: No exceptions were found as a result of applying the procedure

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Results: No exceptions were found as a result of applying the procedure.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

Results: No exceptions were found as a result of applying the procedure.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Results: No exceptions were found as a result of applying the procedure.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

9) Payroll and Personnel

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

   Results: No exceptions were found as a result of applying the procedure

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

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

      Results: No exceptions were found as a result of applying the procedure.

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

      Results: No exceptions were found as a result of applying the procedure.

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

      Results: No exceptions were found as a result of applying the procedure.

   iv. Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

      Results: No exceptions were found as a result of applying the procedure.

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

   Results: No exceptions were found as a result of applying the procedure.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

   Results: No exceptions were found as a result of applying the procedure.

10) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Center reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Center is domiciled as required by R.S. 24:523.

   Results: No exceptions were found as a result of applying the procedure.

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

   Results: No exceptions were found as a result of applying the procedure.

11) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

   i. Obtain and inspect the Center's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the Center's local server or network, and (c) was encrypted.

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

   ii. Obtain and inspect the Center's most recent documentation that it has tested/verified that its backups can be restored (if there is 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.

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

   iii. Obtain a listing of the Center'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 performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

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

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

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

Results: Not applicable for the Center.

We were engaged by the Center to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Center and to meet our 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.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
December 20, 2024