

**MAYOR'S HEALTHY CITY INITIATIVE  
BATON ROUGE, LOUISIANA**

Audited Financial Statements

December 31, 2020 and 2019



## Contents

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<b>Independent Auditor's Report</b>	1 - 2
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### **Financial Statements**

Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10

---

### **Supplementary Information**

Schedule I - Schedule of Compensation, Benefits, and Other Payments to Community Outreach Director	12
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<b>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></b>	13 - 14
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<b>Schedule of Findings and Responses</b>	15
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<b>Schedule of Prior Year Audit Findings</b>	16
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## Independent Auditor's Report

To the Board of Directors  
Mayor's Healthy City Initiative  
Baton Rouge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the Mayor's Healthy City Initiative (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mayor's Healthy City Initiative as of December 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to Community Outreach Director, as required by Louisiana Revised Statute (R.S.) 24:513 A. (3), 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 the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, on our consideration of the Mayor's Healthy City Initiative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Mayor's Health City Initiative'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 Mayor's Healthy City Initiative's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Baton Rouge, LA  
June 18, 2021

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,014,024	\$ 1,452,674
Other Current Assets	-	2,233
	<u>1,014,024</u>	<u>1,454,907</u>
<b>Total Current Assets</b>	<b>1,014,024</b>	<b>1,454,907</b>
	<u><b>\$ 1,014,024</b></u>	<u><b>\$ 1,454,907</b></u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 9,750	\$ -
	<u>9,750</u>	<u>-</u>
<b>Total Current Liabilities</b>	<b>9,750</b>	<b>-</b>
<b>Net Assets</b>		
Without Donor Restrictions	<u>1,004,274</u>	<u>1,454,907</u>
<b>Total Net Assets</b>	<b>1,004,274</b>	<b>1,454,907</b>
	<u><b>\$ 1,014,024</b></u>	<u><b>\$ 1,454,907</b></u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,014,024</b>	<b>\$ 1,454,907</b>

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

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Statements of Activities**  
**For the Years Ended December 31, 2020 and 2019**

	2020	2019
<b>Changes in Net Assets Without Donor Restrictions</b>		
<b>Revenues</b>		
Corporate Contributions	\$ 60,890	\$ 64,861
Contributions, In-Kind	77,472	68,059
Grant Revenue	377,500	1,405,000
Other Income	27	497
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>515,889</b>	<b>1,538,417</b>
<b>Expenses</b>		
<b>Program Services</b>		
Healthy Initiative Program		
Grants Awarded	777,022	594,676
<b>Support Services</b>		
General and Administrative		
Administrative	85,248	33,093
Salaries, In-Kind	77,472	68,059
Event Expense	26,780	4,499
Insurance	-	2,522
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>966,522</b>	<b>702,849</b>
	<hr/>	<hr/>
<b>(Decrease) Increase in Net Assets Without Donor Restrictions</b>	<b>(450,633)</b>	<b>835,568</b>
	<hr/>	<hr/>
<b>(Decrease) Increase in Total Net Assets</b>	<b>\$ (450,633)</b>	<b>\$ 835,568</b>
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The accompanying notes are an integral part of these financial statements.

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Statements of Changes in Net Assets**  
**For the Years Ended December 31, 2020 and 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Net Assets, January 1, 2018</b>	\$ 619,339	\$ -	\$ 619,339
Increase in Net Assets	835,568	-	835,568
<b>Net Assets, December 31, 2019</b>	1,454,907	-	1,454,907
Decrease in Net Assets	(450,633)	-	(450,633)
<b>Net Assets, December 31, 2020</b>	<u>\$ 1,004,274</u>	<u>\$ -</u>	<u>\$ 1,004,274</u>

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

**Mayor's Healthy City Initiative  
Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019**

	<b>2020</b>	2019
<b>Cash Flows from Operating Activities</b>		
(Decrease) Increase in Net Assets	<b>\$ (450,633)</b>	\$ 835,568
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Decrease in Grants Receivable	-	10,000
Decrease in Other Current Assets	<b>2,233</b>	453
Increase (Decrease) in Accounts Payable	<b>9,750</b>	(61)
Decrease in Grants Payable	-	(20,000)
	<hr/>	<hr/>
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(438,650)</b>	825,960
	<hr/>	<hr/>
<b>(Decrease) Increase in Cash and Cash Equivalents</b>	<b>(438,650)</b>	825,960
	<hr/>	<hr/>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,452,674</b>	626,714
	<hr/>	<hr/>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,014,024</b>	\$ 1,452,674
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The accompanying notes are an integral part of these financial statements.



# MAYOR'S HEALTHY CITY INITIATIVE

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### **Nature of Business**

The Mayor's Healthy City Initiative (the Organization) was formed as a non-profit corporation in May 2010. The mission of the Organization is to identify and coordinate efforts aimed at healthy eating and an active lifestyle into a unifying community commitment to better health. The Organization obtains funding through the City of Baton Rouge and other grants and then awards grants to third parties in order to achieve their goal of a healthier city.

#### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements. These financial statements include only activities and transactions of the Organization.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

#### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. The Organization maintains cash and cash equivalent balances with financial institutions that are federally insured.

#### **Contributed Support**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets without donor restrictions include those net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are those net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# MAYOR'S HEALTHY CITY INITIATIVE

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition

The Organization recognizes contributions and grants without an exchange element when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no unconditional or conditional promises to give at December 31, 2020 and 2019.

Donated services are recorded as contributions, in-kind at their fair market value, provided that there is a measurable, and objective basis for determining value. These amounts are included on the statements of activities and identified as in-kind contributions and expenses.

#### Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the financial statements. There are no categories of expenses that are attributed to more than one program or supporting function.

#### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Advertising

The Organization expenses advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2020 and 2019 totaled \$-0-.

#### Recent Accounting Pronouncements - Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 was adopted January 1, 2020. Mayor's Healthy City Initiative completed its overall assessment of revenue streams and based on this assessment, Mayor's Healthy City Initiative concluded that ASU 2014-09 resulted in no significant changes in the way Mayor's Healthy City Initiative recognizes revenue, and therefore no transition adjustment was required.

### Note 2. Related-Party Transactions

During 2020 and 2019, the Organization received contributions from the Office of the Mayor-President in the amount of \$77,472 and \$68,059, respectively. This amount was received in-kind as salary expense and reimbursements for the time of one employee in the Mayor's office dedicated to this organization. The Office of the Mayor-President holds a seat on the Board of the Organization.

## MAYOR'S HEALTHY CITY INITIATIVE

### Notes to Financial Statements

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#### Note 2. Related-Party Transactions (Continued)

During 2020 and 2019, the Organization received contributions totaling \$5,000 and \$17,500, respectively, from various health organizations that have representation on the Board of Mayor's Healthy City Initiative.

#### Note 3. Income Taxes

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

Penalties and interest assessed by income taxing authorities, if any, would be included in general and administrative expenses.

#### Note 4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	<u>\$ 1,014,024</u>	<u>\$ 1,452,674</u>
<b>Total</b>	<u><b>\$ 1,014,024</b></u>	<u><b>\$ 1,452,674</b></u>

As part of the Organization's liquidity management plan, the Organization maintains balances in excess of daily requirements in cash.

#### Note 5. Concentrations

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents. At December 31, 2020 and 2019, the Organization had \$764,024 and \$1,202,674, respectively, in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit. The Organization has not experienced any losses on its cash equivalents.

Four donors made up 73% of the total contributions for the year ended December 31, 2020. Two donors made up 54% of the total contributions for the year ended December 31, 2019.



## **SUPPLEMENTARY INFORMATION**

**MAYOR'S HEALTHY CITY INITIATIVE**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Community Outreach Director**  
**For the Year Ended December 31, 2020**

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**Director of the Mayor's Healthy City Initiative**  
 Jared Hymowitz

<b>Purpose</b>	<b>Amount</b>
Salary	\$77,472
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Taxes	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$122
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

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

Independent Auditor's Report

To the Board of Directors  
Mayor's Healthy City Initiative  
Baton Rouge, 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 financial statements of Mayor's Healthy City Initiative (the Organization), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 18, 2021.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We did identify a certain deficiency that we consider to be a significant deficiency which is described in the accompanying schedule of findings and responses as item 2020-001.

Our consideration of internal control was for the limited purpose described in the preceding 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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**The Organization's Response to Finding**

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Organization's response and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Baton Rouge, LA  
June 18, 2021



**MAYOR'S HEALTHY CITY INITIATIVE  
Schedule of Findings and Responses  
For the Year Ended December 31, 2020**

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**Part I - Summary of Auditor's Results**

Financial Statement Section

- |  |            |
|--|------------|
| 1. Type of Auditor's Report Issued:                      | Unmodified |
| 2. Internal Control Over Financial Reporting:            |            |
| a. Material weakness (es) identified?                    | No         |
| b. Significant deficiency (ies) identified?              | Yes        |
| c. Noncompliance material to financial statements noted? | No         |
| d. Other matters identified?                             | No         |
| 3. Management letter comment provided?                   | None       |

Federal Awards Section

Not applicable.

**Part II - Financial Statement Findings Section**

**2020-001      Accrued Expenses**

*Condition:*            A significant deficiency in internal control over financial reporting is present due to the amount of costs incurred during the year ended December 31, 2020, but paid in 2021 that were not properly accrued at December 31, 2020.

*Criteria:*             The financial statements are presented on the accrual basis which requires recognition of costs when incurred.

*Effect:*                An understatement of expenses and accounts payable and corrected through an audit adjusting entry.

*Cause:*                Oversight by the accounting department

*Recommendation:* We recommend that invoices received subsequent to year end be reviewed to determine if accrual is necessary based on the invoice date and/or date of service provided.

*Management's*

*Response:*            Subsequent to year-end, management has outsourced its accounting and reconciliation functions to a third-party CPA firm.

**MAYOR'S HEALTHY CITY INITIATIVE  
Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2020**

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None.