

**@SOUTHWEST LOUISIANA
INDEPENDENCE CENTER, INC .
Lake Charles, Louisiana**

**Audit of Financial Statements
September 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
@Southwest Louisiana Independence Center, Inc.
Lake Charles, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of @Southwest Louisiana Independence Center, Inc., (a non-profit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of @Southwest Louisiana Independence Center, Inc. as of September 30, 2023, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of @Southwest Louisiana Independence Center, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of @Southwest Louisiana Independence Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about @Southwest Louisiana Independence Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Executive Director 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 March 27, 2023, on our consideration of @Southwest Louisiana Independence Center, Inc.'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 @Southwest Louisiana Independence Center, Inc.'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 @Southwest Louisiana Independence Center, Inc.'s internal control over financial reporting and compliance.

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
March 27, 2024

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Financial Position
As of September 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,056,253
Grants and other receivables	435,282
Certificates of deposit investment	<u>708,779</u>
Total Current Assets	<u>3,200,314</u>
PROPERTY AND EQUIPMENT	
Furniture and equipment	534,009
Building and improvements	<u>1,077,736</u>
	1,611,745
Less accumulated depreciation	<u>(631,327)</u>
	980,418
Land	<u>150,000</u>
Net Property and Equipment	<u>1,130,418</u>
OTHER ASSETS	
Certificates of deposit investment	484,000
Right of use asset - operating lease	40,628
Deposits	<u>4,033</u>
Total Other Assets	<u>528,661</u>
TOTAL ASSETS	<u><u>\$ 4,859,393</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 147,783
Accrued payroll and related expenses	238,175
Current portion of operating lease liability	<u>23,683</u>
Total Current Liabilities	<u>409,641</u>
LONG TERM LIABILITIES	
Operating lease liability - net of current portion	<u>16,945</u>
TOTAL LIABILITIES	<u>426,586</u>
NET ASSETS	
Without donor restrictions	<u>4,432,807</u>
Total Net Assets	<u>4,432,807</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,859,393</u></u>

See accompanying notes to the financial statements.

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Activities
For The Year Ended September 30, 2023

SUPPORT

Medicaid waiver program	\$	5,419,099
Federal grants		454,140
State grants		187,550
Private pay and veterans affairs		119,500
Special events and other		43,034
Unrealized gain/(loss) on investments		9,383
		6,232,706
Total Support		6,232,706

EXPENSES

Program expenses		5,442,910
Supporting services:		
Management and general		581,663
		581,663
Total Expenses		6,024,573

CHANGE IN NET ASSETS 208,133

WITHOUT DONOR RESTRICTIONS NET ASSETS - BEGINNING OF YEAR 4,224,674

WITHOUT DONOR RESTRICTIONS NET ASSETS - END OF YEAR \$ 4,432,807

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Cash Flows
For The Year Ended September 30, 2023

Cash Flows From Operating Activities	
Change in net assets	\$ 208,133
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	94,131
(Increase) decrease in operating assets:	
Grants and other receivables	586,588
Increase (decrease) in operating liabilities:	
Accounts payable	51,280
Accrued payroll and related expenses	(27,425)
Other accrued expenses	(5,965)
	698,609
Total Adjustments	698,609
Net Cash Provided (Used) By Operating Activities	906,742
Cash Flows From Investing Activities	
Sale of certificates of deposit	1,617
Purchase of property and equipment	(34,000)
	(32,383)
Net Cash Used By Investing Activities	(32,383)
Cash Flows From Financing Activities	
Principal payments on bank loans	(226,451)
	(226,451)
Net Cash Provided (Used) by Financing Activities	(226,451)
Net Increase (Decrease) In Cash	647,908
Cash - Beginning of Year	1,408,345
Cash - End of Year	\$ 2,056,253
Supplemental Disclosure:	
Interest paid	\$ 13,597

See accompanying notes to the financial statements.

SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Lake Charles, Louisiana
Statement of Functional Expenses
For The Year Ended September 30, 2023

	<u>Program Services</u>	<u>Supporting Services, Management & General</u>	<u>Total</u>
Advertising	\$ 11,771	\$ -	\$ 11,771
Audit expense	5,313	15,938	21,250
Bank service charges	786	2,357	3,142
Depreciation	23,533	70,598	94,131
Education and training	270	-	270
Insurance	241,748	42,661	284,409
Payroll taxes/fringe expense	437,345	23,018	460,363
Postage	3,323	586	3,909
Purchased services	48,915	-	48,915
Interpreting services	32,656	-	32,656
Lease expense	36,000	-	36,000
Repairs and maintenance	7,964	23,891	31,855
Salaries	4,400,695	231,616	4,632,310
Supplies	53,042	9,360	62,402
Telephone	20,851	3,680	24,530
Travel	28,098	4,959	33,057
Utilities	7,904	23,711	31,615
Consumer expenses	40,325	-	40,325
Office expenses	21,137	63,410	84,547
Interest	3,399	10,198	13,597
Miscellaneous	17,838	55,681	73,519
	<u>5,442,910</u>	<u>581,663</u>	<u>6,024,573</u>
Total Expenses	<u>\$ 5,442,910</u>	<u>\$ 581,663</u>	<u>\$ 6,024,573</u>

See accompanying notes to the financial statements.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

@Southwest Louisiana Independence Center, Inc. was organized under Section 501 (c)(3) of the Internal Revenue Code as a nonprofit organization for the purpose of providing support services to the physically disabled and their families. A significant portion of the Center's revenues are Medicaid payments received for providing patient care services to Medicaid eligible individuals. The Center also receives grants from the U.S. Department of Education and the State of Louisiana Department of Social Services. The Center is not classified as a private foundation by the Internal Revenue Service.

Income Taxes

The Center is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements. @Southwest Louisiana Independence Center, Inc.'s Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three (3) years after it was filed.

Method of Accounting

The accompanying financial statements of @Southwest Louisiana Independence Center, Inc. have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Net assets and revenues, expense, gains and losses are classified based on the existence or absence of grantor/contributor imposed or time restrictions.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) in its Accounting Standard Codification (ASC) Topic, *Financial Statements of Not-for-Profit Organizations*. In accordance with this guidance, the Center is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets available subject to donor-imposed or certain grantor-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.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting (Continued)

The Center reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Adoption of New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2016-02, Leases (Topic 842), as amended. FASB Accounting Standards Codification (“ASC”) 842 supersedes the lease requirements in FASB ASC 840.

The new standard requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. It establishes a right of use (“ROU”) that requires the lessee to recognize an ROU asset and lease liability on the statement of financial position for all leases with a term longer than twelve months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. The Center is required to implement the new standard statements on a modified retrospective basis, and to apply the new standard to all leases existing at the date of initial application. Management elected to use the effective date of October 1, 2022 as the date of initial application and elected the package of practical expedients under ASC 842 whereby an entity need not reassess (1) whether any expired or existing leases are or contain leases, (2) the lease classification for any expired or existing leases, and (3) initial direct costs for any existing leases.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgements and changes in judgements, as well as assets recognized from costs incurred to obtain or fulfill a contract. On October 1, 2020, the Center adopted ASC 606 and was applied to all contracts on a modified retrospective method.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no material changes are necessary to conform with the new standard. Revenues from contracted services are presented at transaction prices in the form of rates as set by Medicaid, Veterans Affairs, and various commercial insurance. Revenue is recognized and considered earned at the time of completion of the services. Fundraising and special event revenues represent reciprocal transfers (exchange transactions) are recognized when the performance obligation is satisfied. The Center's estimate of the transaction price is determined based on the cost expended to provide such goods or services.

Cash and Cash Equivalents

The Center had bank deposits of \$2,055,747 as of September 30, 2023 with a carrying value of \$2,056,253, which includes \$600 in petty cash.

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

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Center maintains bank accounts at various banks, where account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the Center maintains deposit balances that exceed federally insured limits. Amounts in excess of insured limits at September 30, 2023 were \$1,263,841. The Center deposits its cash with high quality financial institutions, and management believes the Center is not exposed to significant credit risk on those amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment/Depreciation and Amortization

Property and equipment are recorded at their historical cost. Donated assets are recorded at their estimated fair value on the date of the donation. Capital assets are defined as those acquired with an initial individual cost of more than \$500. Repairs and maintenance are charged to operations when incurred.

Furniture and equipment are being depreciated over estimated useful lives of three to fifteen years. The building is being depreciated over an estimated useful life of thirty-five years. The straight-line method of depreciation is being utilized. Depreciation expense was \$94,131 for the year ended September 30, 2023.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use (“ROU”) Assets and Lease Liability

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

The Center is a lessee in a noncancellable lease for office space in Lafayette. This lease has been determined to be an operating lease.

For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

The Center excludes short-term leases having initial terms of 12 months or less from the new guidance as an accounting policy and recognizes rent expense on a straight-line basis over the lease term. Beginning October 1, 2022, the operating ROU asset and related current and long-term portions of operating lease liabilities have been presented in the statement of financial position.

Compensated Absences

The Center has a contingent liability in the amount of \$38,368 at September 30, 2023 for unused paid time off which includes sick leave.

Advertising Costs

Advertising costs are expensed as incurred and amounted to \$11,771 for the year ended September 30, 2023.

Performance Indicator

The Center utilizes revenues over expenses as its performance indicator.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

Grants and contributions are recognized as income when received. The Board reports grants as donor restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned. Grants and contributions that are restricted by the grantor or donor are reported as increases in without donor restricted net assets if the restrictions expire in the same fiscal year in which the grants and contributions are recognized.

Functional Expenses

Expenses were allocated in the accompanying financial statements to program and support services functional expense groups. The methods of allocation were based on the Center's estimates of the relative proportion of each expense utilized for program or support service functions.

Investments

The Center reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

NOTE 2 - ECONOMIC DEPENDENCY

The Center receives the majority of its revenue from funds provided by state and federal grants as well as through a contract for patient care services provided to Medicaid eligible individuals. If significant budget cuts are made at the federal and/or state level or the Medicaid contract is not renewed, the amount of funds the Center receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

NOTE 3 - LINE OF CREDIT

The Center has a line of credit with an available limit of \$50,000. Interest accrues and is payable monthly at 8.95% on any outstanding balance. The line is secured by the Center's deposits held by the lender. The balance due on this line of credit was \$-0- as of September 30, 2023.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 4 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2023:

Property and Equipment, October 1, 2022	\$ 1,727,745
Additions for the Year Ended September 30, 2023	34,000
Disposals for the Year Ended September 30, 2023	-
Property and Equipment, September 30, 2023	\$ 1,761,745
Accumulated Depreciation, October 1, 2022	\$ 537,196
Depreciation for the Year Ended September 30, 2023	94,131
Less Depreciation on Disposed Assets for the Year Ended September 30, 2023	-
Accumulated Depreciation, September 30, 2023	\$ 631,327
Net Book Value, September 30, 2023	\$ 1,130,418

NOTE 5 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability. Management is not aware of any disallowed costs as of September 30, 2023.

NOTE 6 - RETIREMENT PLAN

The Center participates in a SIMPLE IRA retirement plan for the benefit of its employees. The plan allows employees who anticipate earning more than \$5,000 in the current year to participate and allows them to contribute a percentage of their pay or a flat dollar amount up to a maximum annual contribution of \$15,500. The plan requires employer-matching contributions on a dollar-for-dollar basis up to 3% of each employee's compensation. The employer may elect, upon advance notice to the employees, to make a maximum match of less than 3% but not less than 1% of employee's compensation; however, this election can only be made during two out of any consecutive five-year periods. Employer matching contributions for the fiscal year ended September 30, 2023 was \$20,876.

NOTE 7 - RISK MANAGEMENT

The Center has purchased commercial insurance for its general liability and worker's compensation insurance. They have not retained any risk with relation to these activities.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 8 - GRANTS AND OTHER RECEIVABLES

Grants receivable at September 30, 2023 consisted of reimbursements for expenses incurred in the following programs:

<u>Program</u>	<u>Amount</u>
Telecommunications Device Distribution	\$ 1,700
State Personal Care Attendant Contract	4,032
Elderly Disabled Adults	266,573
SLIC Interpreting	22,361
Children's Choice	31,667
Long Term Personal Care Services	86,252
LCD Interpreting	990
Other	11,516
Veterans Affairs	<u>10,191</u>
Total Receivable	<u>\$ 435,282</u>

NOTE 9 - OPERATING LEASE

The Center currently leases office space in Lafayette under a long-term operating lease agreement. The original lease agreement expired on June 30, 2019 but was subsequently renewed for 2 consecutive 3 year terms. The current lease term is for a 36-month period beginning June 30, 2022 with a monthly fee of \$3,000 ending on June 30, 2025. This lease will automatically extend on a month-to-month basis in the absence of a written agreement to the contrary. Total lease expense reflected in the financial statements for the year ended September 30, 2023 is \$36,000.

The following is a schedule of future minimum lease payments due under the non-cancelable lease agreement for the years ending September 30:

2024	\$ 36,000
2025	<u>27,000</u>
Total operating lease liability payments	63,000
Less: discount	<u>(22,372)</u>
Total Operating Lease Liability	<u>\$ 40,628</u>

The remaining lease term as of September 30, 2023 was 21 months. The discount rate used to determine the operating lease liability was 4.49%.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Center has \$3,200,314 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$2,056,253, grants and other receivables of \$435,282, and certificates of deposit of \$708,779. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Center has a goal to maintain financial assets which consist of cash on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,000,000. The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Center deposits cash in excess of daily requirements in certificate of deposit investments.

NOTE 11 - FAIR VALUE OF INSTRUMENTS

The Center has a number of financial instruments, none of which is held for trading purposes. The Center estimates that the fair value of all financial instruments at September 30, 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Center using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, grants and other receivables, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature.

NOTE 12 – INVESTMENTS

The Center applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Notes to Financial Statements (Continued)
September 30, 2023

NOTE 12 – INVESTMENTS (CONTINUED)

As of September 30, 2023, the Center’s investments measured on a recurring basis consisted of certificate of deposit investments with fair market value (Level 2) and cost bases as follows:

	Cost	Fair Value	Unrealized Gain (Loss)
Certificate of deposit investments (Level 2 Observable Inputs)	\$ 1,203,000	\$ 1,192,779	\$ (10,221)

NOTE 13 - SUBSEQUENT EVENT

The Center evaluated its September 30, 2023 financial statements for subsequent events through the date the financial statements were available to be issued. The Center is not aware of any subsequent events which require recognition or disclosure in the financial statements.

STEVEN M. DEROUEN & ASSOCIATES, LLC

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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

The Board of Directors
@Southwest Louisiana Independence Center, Inc.
Lake Charles, 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 @Southwest Louisiana Independence Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana
March 27, 2024

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Schedule of Findings and Responses
September 30, 2023

Section I – Summary of Auditor’s Report

Financial Statements

Type of auditor’s report issued			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Significant deficiency identified not considered to be a material weakness?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported	
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

Section II – Financial Statement Findings

There were no current year financial statement findings.

Section III – Compliance Findings

There were no current year compliance findings.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.
Schedule of Prior Year Audit Findings
September 30, 2023

Prior Year Findings

There were no prior year financial statement findings.

@SOUTHWEST LOUISIANA INDEPENDENCE CENTER, INC.

**Schedule of Compensation, Benefits and Other
Payments to the Executive Director**

Year Ended September 30, 2023

NO COMPENSATION PAID FROM PUBLIC FUNDS

Agency Head: Randy Dartez, Executive Director

Purpose	Amount
Salary	\$ 0.00
Benefits-insurance	0.00
Benefits-retirement	0.00
Benefits-Other	0.00
Car allowance	0.00
Vehicle provided by Center	0.00
Reimbursements	0.00
Travel	0.00
Registration fees	0.00
Conference travel	0.00
Continuing professional education fees	0.00
Housing	0.00
Unvouchered expenses	0.00
Special meals	0.00

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Member Louisiana Society of
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of @Southwest Louisiana Independence Center, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2022 through September 30, 2023. @Southwest Louisiana Independence Center, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

@Southwest Louisiana Independence Center, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- viii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Center has no written policies and procedures for (IAvi) – Contracting.

We performed the Information Technology Disaster Recovery/Business Continuity procedure (IAxi) and discussed the results with management.

2) Board or Finance Committee

- A. Obtain and review the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found through the performance of these procedures.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- 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.

No exceptions were found through the performance of these procedures.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit and;
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.

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

These procedures are not applicable to this non-profit organization.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, 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/making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

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

Exception (5Biii): The individual responsible for processing payments also adds/modifies vendor files.

Exception (5Cii): No evidence of segregation of duties noted for (5Biii).

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exception (6Bi): Noted that credit cards did not have an approval by someone other than the card holder.

Exception (6C – Steps 2 and 3): Noted some exceptions for the requirement of these 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, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1A(vii); and
 - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found through the performance of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented); and

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

Exception (8Aii): Noted that a contract had not been signed for one selection in the sample tested. A contract was signed after the fiscal year end for that provider.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found through the performance of these procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

These procedures are not applicable to this non-profit organization.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

These procedures are not applicable to this non-profit organization.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found through the performance of these procedures.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe evidence such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the Information Technology Disaster Recovery/Business Continuity procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel Procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
- C. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

These procedures are not applicable to this non-profit organization.

Management's Responses

1Avi – The Center will begin working on creating a written policy and procedure for Contracting.

5Biii – The Center will have someone who is not responsible for processing payments review changes to vendor files.

5Cii – See managements response to 5Biii above.

6Bi – The Center will begin having all credit card statements reviewed and approved by someone other than the authorized cardholder.

6C – The Center will begin verifying that each credit card transaction includes an original itemized receipt that identifies precisely what was purchased, includes written documentation of the business/public purpose, and identifies which individuals were participating in meals.

8Aii – The Center will begin verifying that agreements/contracts are signed for all professional services.

We were engaged by @Southwest Louisiana Independence Center, Inc. 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 @Southwest Louisiana Independence Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Steven M. DeRouen & Associates, LLC

Lake Charles, Louisiana

March 27, 2024