
PORT CITY ENTERPRISES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

PORT CITY ENTERPRISES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1-2
<u>FINANCIAL STATEMENTS</u>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7-11
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	12
<u>OTHER REPORTS REQUIRED BY <i>GOVERNMENTAL AUDITING STANDARDS</i></u>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards	13-14
Schedule of Findings and Responses	15
Summary Schedule of Prior Audit Findings	16



INDEPENDENT AUDITORS' REPORT

Board of Directors
Port City Enterprises, Inc.
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Port City Enterprises, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 of 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 Port City Enterprises, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 chief executive officer on page 12 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 the 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2021, on our consideration of Port City Enterprises, 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 Port City Enterprises, 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 Port City Enterprises, Inc.'s internal control over financial reporting and compliance.

Dierz, Dupuy + Ruiz

Gonzales, Louisiana

December 31, 2021

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 390,547	\$ 442,238
Certificate of deposit	81,505	81,482
Accounts receivables	32,138	104,834
Total Current Assets	<u>504,190</u>	<u>628,554</u>
<u>PROPERTY AND EQUIPMENT</u>		
Greenhouse	8,732	8,732
Lawn equipment	12,344	12,993
Furniture and equipment	23,101	21,304
Leasehold improvements	87,512	73,586
Vehicles	42,945	42,945
	<u>174,634</u>	<u>159,560</u>
Accumulated depreciation	<u>(128,324)</u>	<u>(122,217)</u>
Property and equipment, net	<u>46,310</u>	<u>37,343</u>
TOTAL ASSETS	<u>\$ 550,500</u>	<u>\$ 665,897</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 8,413	\$ 8,391
Salaries and payroll taxes payable	40,728	49,815
Paycheck protection plan loan payable	<u>-</u>	<u>138,860</u>
TOTAL LIABILITIES	<u>49,141</u>	<u>197,066</u>
<u>NET ASSETS</u>		
Without donor restrictions	<u>501,359</u>	<u>468,831</u>
TOTAL NET ASSETS	<u>501,359</u>	<u>468,831</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 550,500</u>	<u>\$ 665,897</u>

The accompanying notes are an integral part of these statements.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

<u>OPERATING ACTIVITIES</u>	<u>Without Donor Restrictions</u>	
	<u>2021</u>	<u>2020</u>
<u>REVENUES AND OTHER SUPPORT</u>		
Public Support:		
Contributions	\$ 13,200	\$ 14,733
Paycheck Protection Program loan forgiveness	153,218	-
Other Revenue:		
Contract funds	850,014	993,332
Sales to public, net	4,770	6,742
Miscellaneous income	919	1,864
Total revenues and other support	<u>1,022,121</u>	<u>1,016,671</u>
<u>EXPENSES</u>		
Program services	901,584	862,392
Supporting services-management and general	88,432	87,701
Total expenses	<u>990,016</u>	<u>950,093</u>
Change in net assets from operations	32,105	66,578
<u>NONOPERATING ACTIVITIES</u>		
Interest income	423	755
Total Nonoperating Activities	<u>423</u>	<u>755</u>
Change in net assets	32,528	67,333
Net assets, beginning of year	<u>468,831</u>	<u>401,498</u>
Net assets, end of year	<u>\$ 501,359</u>	<u>\$ 468,831</u>

The accompanying notes are an integral part of these statements.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	Program Services		Management and General		Total	
	2021	2020	2021	2020	2021	2020
Advertising	\$ 2,197	\$ 2,166	\$ -	\$ -	\$ 2,197	\$ 2,166
Answering Service	1,926	1,997	-	-	1,926	1,997
Bad debt	9,189	-	-	-	9,189	-
Bank Charges	-	-	651	749	651	749
Depreciation Expense	6,495	9,412	721	1,045	7,216	10,457
Director's Meetings	-	-	875	645	875	645
Facilities costs	10,800	10,800	1,200	1,200	12,000	12,000
Insurance	54,509	38,191	8,049	6,301	62,558	44,492
Internet service	1,311	1,200	-	-	1,311	1,200
Licenses	-	-	910	1,010	910	1,010
Medical services	11,852	7,121	-	-	11,852	7,121
Miscellaneous expenses	2,768	3,121	2,768	3,121	5,536	6,242
Pager and cell phone	2,640	2,160	-	-	2,640	2,160
Payroll taxes	54,650	53,693	4,069	4,076	58,719	57,769
Pest Control	924	541	101	59	1,025	600
Postage	266	406	30	45	296	451
Professional Fees	10,750	10,750	10,750	10,750	21,500	21,500
Repairs & Maint	17,549	9,815	5,407	5,298	22,956	15,113
Salaries	675,067	662,074	50,257	50,257	725,324	712,331
Security	2,179	3,304	243	368	2,422	3,672
Services for clients	1,412	2,860	-	-	1,412	2,860
Staff Training	2,372	3,518	-	-	2,372	3,518
Staff travel	9,665	12,852	-	-	9,665	12,852
Storage	1,464	1,434	-	-	1,464	1,434
Supplies	11,025	14,324	1,225	1,592	12,250	15,916
Telephone	6,102	4,823	679	537	6,781	5,360
Uniforms	-	1,240	-	138	-	1,378
Utilities	4,472	4,590	497	510	4,969	5,100
Total expenses	\$ 901,584	\$ 862,392	\$ 88,432	\$ 87,701	\$ 990,016	\$ 950,093

The accompanying notes are an integral part of these statements.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 957,299	\$ 970,944
Cash paid to customers	(990,794)	(912,458)
Net cash provided by operating activities	<u>(33,495)</u>	<u>58,486</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(18,173)	(7,445)
Changes in Certificate of Deposit	(23)	605
Net cash used in investing activities	<u>(18,196)</u>	<u>(6,840)</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Paycheck protection plan loan	<u>-</u>	138,860
Net cash (used in) provided by investing activities	<u>-</u>	<u>138,860</u>
Net (decrease) increase in cash and cash equivalents	(51,691)	190,506
Cash and cash equivalents at beginning of year	<u>442,238</u>	<u>251,732</u>
Cash and cash equivalents at end of year	<u>\$ 390,547</u>	<u>\$ 442,238</u>
<u>RECONCILEMENT OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Change in net assets	\$ 32,528	\$ 66,578
Adjustments to reconcile change in net assets from operations to net cash provided by operating activities:		
Depreciation	7,216	10,457
Loss on disposal of assets	1,990	774
Provision for bad debt	9,189	-
Paycheck Protection Program loan forgiveness	(138,860)	-
Decrease (increase) in accounts receivable	63,507	(45,727)
Decrease (increase) in other assets	-	1,576
Increase in accounts payable	22	4,910
(Decrease) increase in salaries and payroll taxes payable	(9,087)	19,918
Net cash provided by operating activities	<u>\$ (33,495)</u>	<u>\$ 58,486</u>
<u>NON-CASH FINANCING ACTIVITIES</u>		
Paycheck protection plan loan	\$ 138,860	\$ -

The accompanying notes are an integral part of these statements.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1- Summary of Significant Accounting Policies

Organization and Purpose

Port City Enterprises, Inc. is organized for the purpose of assisting people with developmental disabilities in finding and maintaining community based employment of their own choosing, to educate the public concerning the rights of individuals with disabilities and supported employment programs in general, to advocate for the employment of individuals with severe disabilities in community settings where the majority of co-workers are individuals without severe disabilities, and to act as an information clearinghouse for programs offering supported employment services regarding best practices, and policies and procedures specific to the State of Louisiana.

Basis of Presentation

The financial statements of Port City Enterprises, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Port City Enterprises, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Port City Enterprises, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed, or both) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Port City Enterprises, Inc.'s ongoing program services. Nonoperating activities are limited to resources from activities considered to be of a more unusual or nonrecurring nature.

Certificates of Deposit

Certificates of Deposit (CD's) represent CDs with initial maturities of greater than three months. They are recorded at the face value plus accrued interest, which approximates fair value.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1- Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and a certificate of deposit. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. At June 30, 2021 and 2020, there is no contributions receivable.

Accounts Receivable

Uncollectible accounts receivable is charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management believes all accounts receivable is collectible at year end.

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 5 to 20 years. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Donated Facilities Costs

The West Baton Rouge Parish Council provides facilities, including utilities and building maintenance, for the use of Port City Enterprises, Inc. This provision is made at no cost to the organization. Management has estimated that the fair market value of the facility usage, utilities and building maintenance at \$12,000 per year. The financial statements reflect \$12,000 per year of support from this in-kind donation and \$12,000 per year of expense in connection with facility costs.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1- Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Estimates

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

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and management and general services. Such allocations are determined by management on an equitable basis. All expenses were allocated based on time and effort.

Income Tax Status

The Organization is exempt from income tax under Section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – Availability and Liquidity

The following table represents the Organization’s financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions. There were not any net assets with donor restrictions as of June 30, 2021 and 2020.

Financial assets at year-end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 390,547	\$ 442,238
Receivables	32,138	104,834
Investments in certificates of deposit	81,505	81,482
Total financial assets	<u>\$ 504,190</u>	<u>\$ 628,554</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 504,190</u>	<u>\$ 628,554</u>
--	-------------------	-------------------

As part of the Organization’s liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, and other investments.

NOTE 3 – Cash and Cash Equivalents

Port City Enterprises, Inc. maintains money in local financial institutions, which may at times exceed the FDIC limits. Management believes the risk is limited. At June 30, 2021 and 2020, there was not any uninsured cash balance.

At June 30, 2021 and 2020, the cash (book balances) is as follows:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$390,547</u>	<u>\$442,238</u>

NOTE 4 – Investments in Certificates of Deposit

Certificates of deposit total \$81,505 and \$81,482 for 2021 and 2020, respectively. Initial maturity at purchase of the certificate is six months. At June 30, 2021 and 2020, interest rate was 0.15%, with interest paid at maturity.

NOTE 5 – Debt

The Organization has a \$50,000 revolving line of credit which had a zero balance at June 30, 2021 and 2020. Bank advances on the credit line are payable on demand and had an interest rate of 2.15% at June 30, 2021 and 2020. The credit line is secured by the pledge of certificate of deposit with the same financial institution in the amount of \$81,505.

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – Economic Dependency

Port City Enterprises, Inc.'s primary sources of revenue are from contracts administered and/or funded by the State of Louisiana and the United States government. Approximately 81% and 89% of the organization's revenues were derived from these sources in 2021 and 2020, respectively. All of the amounts listed as accounts receivable are from these sources

NOTE 7 – Forgivable Loans Received Under the Small Business Administration Paycheck Protection Program

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In June 2020, the Organization obtained a PPP loan for \$138,860, which is included in the Organization's loan payable balance at June 30, 2020. The note matures in June 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Organization believes it used all of the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Organization will recognize a gain on forgiveness of the loan. The Organization has accounted for the proceeds based upon *FASB Accounting Standards Codification 470, Debt*.

On March 16, 2021, this loan was repaid by SBA (forgiven) and all expenses paid from the loan were approved as eligible for loan forgiveness under the requirements of the PPP. This loan forgiveness for \$138,860 is included in revenue and other support on the Statement of Activities at June 30, 2021.

NOTE 8 – Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued December 31, 2021, and has determined that no events occurred that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

PORT CITY ENTERPRISES, INC.
(A NONPROFIT ORGANIZATION)

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2021

Chief Executive Officer Name: Lisa Wilridge, Executive Director

Purpose	Amount
Salary	\$ 59,880
Benefits- insurance	1,849
Cell phone	960
Travel	819
Dues	875
Total	<u>\$ 64,383</u>



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

Board of Directors
Port City Enterprises, Inc.
Port Allen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Port City Enterprises, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port City Enterprises, 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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Diez, Dupuy + Rees

Gonzales, Louisiana

December 31, 2021

PORT CITY ENTERPRISES, INC.
SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Port City Enterprises, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Port City Enterprises, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS – COMPLIANCE

NONE NOTED

PORT CITY ENTERPRISES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS – COMPLIANCE

NONE NOTED