

FAMILY SERVICE OF GREATER BATON ROUGE
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



TWRU

CPAs & Financial Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Family Services of Greater Baton Rouge (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Services of Greater Baton Rouge as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Family Services of Greater Baton Rouge 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 Family Services of Greater Baton Rouge's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Family Services of Greater Baton Rouge'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 Family Services of Greater Baton Rouge'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, & other payments to agency head or chief executive officer and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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 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, & other payments to agency head or chief executive officer and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, on our consideration of Family Services of Greater Baton Rouge'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 Family Services of Greater Baton Rouge'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 Family Services of Greater Baton Rouge's internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana

June 24, 2024

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF FINANCIAL POSITION
(See Accompanying Notes to Financial Statements)

	December 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 562,654	\$ 672,207
Grants receivable	143,135	214,489
Other receivables	68,415	58,511
Prepaid expenses	1,850	-
TOTAL CURRENT ASSETS	776,054	945,207
PROPERTY AND EQUIPMENT		
Building and Improvements	1,122,253	1,122,253
Equipment	270,646	270,646
TOTAL PROPERTY AND EQUIPMENT	1,392,899	1,392,899
Less Accumulated Depreciation	(1,120,359)	(1,088,600)
Land	272,540	304,299
Land	126,527	126,527
NET PROPERTY AND EQUIPMENT	399,067	430,826
TOTAL ASSETS	\$ 1,175,121	\$ 1,376,033

LIABILITIES AND NET ASSETS (DEFICIT)

	December 31,	
	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable	\$ 32,549	\$ 54,642
Accrued wages	61,750	47,020
Deferred revenue	1,667	15,000
Other accrued liabilities	<u>58,142</u>	<u>59,031</u>
TOTAL CURRENT LIABILITIES	154,108	175,693
NON-CURRENT LIABILITIES		
Terminated Pension Liability Claim	<u>1,320,206</u>	<u>1,317,753</u>
TOTAL LIABILITIES	1,474,314	1,493,446
NET ASSETS (DEFICIT)		
Without donor restrictions		
Undesignated	(319,894)	(138,114)
Board designated	<u>20,701</u>	<u>20,701</u>
TOTAL NET ASSETS (DEFICIT)	<u>(299,193)</u>	<u>(117,413)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u><u>\$ 1,175,121</u></u>	<u><u>\$ 1,376,033</u></u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
(See Accompanying Notes to Financial Statements)
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUES AND SUPPORT		
Government grants and contracts	\$ 1,659,366	\$ 1,611,401
Program services	98,809	199,646
Clinic Revenue	12,985	-
Donations and private grants	390,215	94,446
United Way designation	50,000	90,000
Rent Income	12,000	12,000
Refunds	2,001	1,311
Interest Income	-	17
	<u>2,225,376</u>	<u>2,008,821</u>
EXPENDITURES		
Program services	2,056,916	1,706,638
Fundraising	15,520	13,893
Supporting services	334,720	321,821
	<u>2,407,156</u>	<u>2,042,352</u>
DECREASE IN NET ASSETS	(181,780)	(33,531)
NET ASSETS, BEGINNING OF YEAR	<u>(117,413)</u>	<u>(83,882)</u>
NET ASSETS, END OF YEAR	<u>\$ (299,193)</u>	<u>\$ (117,413)</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2023

	Program Services			Total Program Services	Fundraising	Supporting Services	Total
	Counseling Program	Parenting Center	HIV Center				
SALARIES AND RELATED EXPENSES							
Salaries	\$ 228,989	\$ 218,622	\$ 795,881	\$ 1,243,492	\$ -	\$ 154,860	\$ 1,398,352
Payroll taxes	16,641	16,206	58,010	90,857	-	11,356	102,213
Employee fringe benefits	5,318	8,264	16,248	29,830	-	12,121	41,951
	<u>250,948</u>	<u>243,092</u>	<u>870,139</u>	<u>1,364,179</u>	<u>-</u>	<u>178,337</u>	<u>1,542,516</u>
GENERAL EXPENSES							
Advertising	-	-	10,517	10,517	-	-	10,517
Bank service charges	-	1,753	-	1,753	-	758	2,511
Clinic Expenses	-	-	71,912	71,912	-	-	71,912
Conducting meetings	5,573	465	3,983	10,021	-	6,562	16,583
Depreciation	-	-	-	-	-	31,759	31,759
Insurance	14,254	18,818	31,818	64,890	-	3,391	68,281
Interest and penalties	-	-	-	-	-	57,985	57,985
Janitorial and maintenance	-	200	1,000	1,200	-	20,090	21,290
Lease	-	-	942	942	-	-	942
Membership dues	-	289	399	688	-	2,155	2,843
Miscellaneous	-	-	1,050	1,050	4,838	2,634	8,522
Postage and shipping	-	-	1,473	1,473	8	-	1,481
Professional services	120,702	8,174	20,349	149,225	-	8,891	158,116
Program Expenses	-	-	-	-	5,898	-	5,898
Repairs and maintenance	4,377	2,100	12,790	19,267	-	9,199	28,466
Specific assistance	17,360	-	217,414	234,774	4,065	6,568	245,407
Supplies	11,601	815	23,447	35,863	462	4,545	40,870
Telephone	5,448	7,130	12,158	24,736	-	5	24,741
Travel	13,432	12,980	18,473	44,885	249	32	45,166
Utilities	4,326	5,580	9,635	19,541	-	1,809	21,350
	<u>197,073</u>	<u>58,304</u>	<u>437,360</u>	<u>692,737</u>	<u>15,520</u>	<u>156,383</u>	<u>864,640</u>
	<u>\$ 448,021</u>	<u>\$ 301,396</u>	<u>\$ 1,307,499</u>	<u>\$ 2,056,916</u>	<u>\$ 15,520</u>	<u>\$ 334,720</u>	<u>\$ 2,407,156</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2022

	Program Services			Fundraising	Supporting Services	Total
	Counseling Program	Parenting Center	HIV Center			
SALARIES AND RELATED EXPENSES						
Salaries	\$ 93,420	\$ 227,277	\$ 694,856	\$ 774	\$ 143,988	\$ 1,160,315
Payroll taxes	6,417	16,384	50,866	58	10,736	84,461
Employee fringe benefits	5,617	9,101	18,634	-	7,051	40,403
	<u>105,454</u>	<u>252,762</u>	<u>764,356</u>	<u>832</u>	<u>161,775</u>	<u>1,285,179</u>
GENERAL EXPENSES						
Advertising	-	-	25,576	-	-	25,576
Bank service charges	-	301	35	-	933	1,269
Conducting meetings	10,393	1,457	1,757	-	5,311	18,918
Depreciation	-	-	-	-	31,759	31,759
Insurance	13,032	17,169	29,061	3,628	(488)	62,402
Interest and penalties	-	-	-	-	39,283	39,283
Janitorial and maintenance	-	-	1,783	-	18,690	20,473
Lease	-	-	651	-	-	651
Membership dues	1,179	1,555	2,627	-	6,739	12,100
Miscellaneous	-	-	1,750	-	2,261	7,604
Postage and shipping	-	-	1,624	3,593	-	1,624
Printing and publications	-	-	467	-	-	589
Professional services	121,551	2,621	15,901	264	(142)	168,683
Program expenses	-	-	-	-	28,610	168,683
Repairs and maintenance	2,335	2,007	12,934	4,413	-	4,413
Specific assistance	328	-	208,828	-	15,589	32,865
Supplies	9,514	557	27,162	424	98	209,678
Telephone	4,788	6,151	10,330	410	10,037	47,680
Travel	3,033	13,062	10,990	-	-	21,269
Utilities	4,758	6,081	10,718	329	-	27,414
	<u>170,911</u>	<u>50,961</u>	<u>362,194</u>	<u>13,061</u>	<u>160,046</u>	<u>757,173</u>
	<u>\$ 276,365</u>	<u>\$ 303,723</u>	<u>\$ 1,126,550</u>	<u>\$ 13,893</u>	<u>\$ 321,821</u>	<u>\$ 2,042,352</u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

STATEMENTS OF CASH FLOWS
(See Accompanying Notes to Financial Statements)
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (181,780)	\$ (33,531)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	31,759	31,759
Accrued interest on pension liability	38,453	38,381
Decrease (Increase) in Assets:		
Grant receivables	71,354	(68,749)
Other receivables	(9,904)	(31,285)
Governmental Receivable	-	490,211
Prepaid Expenses	(1,850)	-
Employee receivables	-	150
Increase (Decrease) in Liabilities:		
Accounts payable	(22,093)	(31,055)
Accrued wages	14,730	-
Deferred Revenue	(13,333)	15,000
Other accrued liabilities	(889)	12,288
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(73,553)	423,169
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments towards Terminated Pension Liability Claim	(36,000)	(39,000)
NET CASH USED BY FINANCING ACTIVITIES	(36,000)	(39,000)
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(109,553)	384,169
CASH AND CASH EQUIVALENTS - Beginning of year	672,207	288,038
CASH AND CASH EQUIVALENTS - End of year	\$ 562,654	\$ 672,207

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – The mission of Family Service of Greater Baton Rouge (the “Agency”) is to counsel and strengthen individuals and families and improving their quality of life. The Agency, which was incorporated in 1955, has various funding sources which include United Way, state and local grants, program service fees and contributions. The Agency offers a wide range of services:

1. The Child & Family Counseling Center – provides clinical services to children, individuals, and families who need help in finding solutions to a wide range of emotional, behavioral, and relationship problems.
2. The Parenting Center – promotes healthy family development by providing ongoing workshops, consultations, and classes to help parents increase their knowledge, skills, and decision making in the important role of effective parenting.
3. The HIV Center – helps clients access services, resources, and programs that enhance health and wellbeing. Services include HIV testing, HIV Peer Prevention, case management, support groups, counseling, health/treatment education, transportation, childcare, and financial assistance toward rent, mortgage payments, utilities, medication, and eye and dental care.

Basis of Accounting – The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation – The Agency reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates those resources be maintained in perpetuity. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the board limits or designates resulting from the Agency, its environment in which it operates, the purposes specified in corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. When a donor’s restrictions are satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. The Agency has no net assets with donor restrictions for the years ended December 31, 2023 and 2022, respectively. The Agency has board designated funds of \$20,701 for the years ended December 31, 2023 and 2022, respectively.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition – Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. There were no conditional promises to give at the years ending December 31, 2023 and 2022.

Revenue With and Without Donor Restrictions – Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results differ from those estimates. Management’s estimates include, but are not limited to, collectability of receivables and the accrued pension liability. Management’s estimates are derived from and are continually evaluated based upon available information, judgment, and experience. Because of inherent uncertainties in estimating collectability of loans receivable and future pension obligations, it is at least reasonably possible that estimates used will change within the near term.

Cash and Cash Equivalents – For the purposes of the statement of cash flows, the Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Receivables – Receivables consist of amounts due from granting agencies for services performed and short-term receivables arising from providing counseling services. The accounts receivable represent consideration from state and local governmental agencies, of which the organization has an unconditional right to receive are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2023, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Property and Equipment – Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, which range as follows:

Building and improvements	11-39 years
Equipment	3-10 years

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences – Employees begin to accrue vacation leave upon hiring and may begin using it after 90 days of service. The amount of vacation leave accrued is based on the years of service and ranges from 112.5 – 180.0 hours per year. Employees are allowed to carry over 80 hours of vacation leave per year. Sick leave is accrued at a rate of 96 hours per year starting on the first day of the month following 90 days of employment. Employees are allowed to carry over 450 hours of unused sick leave. The balance of accrued compensated absences as of December 31, 2023 and 2022, were \$31,177 and \$29,216, respectively.

Accrued Pension Liability – The Agency accounts for its defined benefit pension plan in accordance with FASB-ASC715, *Compensation-Retirement Benefits*, which requires employers to recognize the funded status of a benefit plan in the statements of financial position and recognize changes in the funded status through the statements of activities and changes in net assets.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on records and estimates made by the Agency's management.

Contributed Nonfinancial Assets – Donations of services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. The services are measured at fair value and reported as increases in unrestricted net assets during the period provided. No contributed services were recorded in the statements of activities and changes in net assets for the years ended December 31, 2023 and 2022, respectively.

Income Taxes – The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Agency were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, tax returns may be examined for three years from the filing date, and the current and prior three years remain subject to examination as of December 31, 2023.

Advertising Expenses – The Agency follows the policy of charging the costs of advertising to expense as incurred. Advertising costs were \$10,517 and \$25,576 for the years ended December 31, 2023 and 2022, respectively.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2: RECEIVABLES

Receivables are composed of the following:

	<u>2023</u>	<u>2022</u>
Grants		
Ryan White Part A	\$ 91,041	\$ 113,591
Women and Children Grant, Ryan White Part D	15,792	56,268
Tulane MHC/QRS Program	18,528	27,982
OPH Contract	7,549	16,648
Other	10,225	-
	<u>\$ 143,135</u>	<u>\$ 214,489</u>
Other		
Counseling and Clinic	<u>\$ 68,415</u>	<u>\$ 58,511</u>

NOTE 3: PROPERTY AND EQUIPMENT

The Agency entered into an agreement with the Pension Benefit Guaranty Corporation (PBGC) to terminate the defined benefit pension plan (Plan) as of February 29, 2020, and appointing PBGC as trustee of the Plan on April 27, 2020. PBGC perfected liens, in the amount of \$1,119,973, on behalf of the Plan on all property and rights to property, whether real or personal, belonging to the Agency. This includes the office building and land of the Agency.

NOTE 4: PENSION PLAN (DEFINED BENEFIT)

The Agency entered into a settlement agreement (Agreement), dated June 18, 2021 with PBGC. The Agreement terminated the defined benefit pension plan (Plan). The Agreement states that the Agency is liable for the liabilities under the Title IV of ERISA. The Title IV total liability is \$3,302,560. The Agreement also sets up a liability due to PBGC for \$174,000 payable in monthly installments of \$3,000 per month ending April 2026. Ninety-five days after the last \$3,000 payment is made, the Agency will be released from the Title IV liabilities except for the unfunded plan contributions. The Agency will pay PBGC the net proceeds of any sale, transfer, or incurrence of any secured debt against all or part of the real property up to \$1,119,973 plus interest accruing at 3% per annum starting February 29, 2020. A lien has been placed on the building (see Note 3) for this liability. During the years ended December 31, 2023, and 2022, the Agency paid \$36,000 and \$39,000, respectively, towards the pension liability. Interest accrued on the liability of \$38,453 and \$38,381 for the years ended December 31, 2023, and 2022, respectively.

The Agency had a defined benefit pension plan which covers substantially all its employees who meet eligibility requirements. Benefits under the plan were generally based on the employee's compensation during the highest five consecutive calendar years' salary during the last ten completed calendar years of service before retirement. The pension plan was funded in accordance with the requirements of the Employee Retirement Income Security Act of 1974. The plan was frozen as of December 31, 2008 and there have been no new participants.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 4: PENSION PLAN (DEFINED BENEFIT) (continued)

The Agency followed FASB ASC 715-60, *Defined Benefit Plans – Other Post-retirement*, which required that the funded status of defined benefit pension plans be fully recognized in the Statements of Financial Position as an asset (overfunded plans) or as a liability (for underfunded plans).

There were no pension expenses for the defined benefit plan for each of the years ended December 31, 2023 and 2022.

NOTE 5: ECONOMIC DEPENDENCY

The Agency received approximately 72% and 80% of funds from Federal grants passed through programs administered by the State of Louisiana for the years ended December 31, 2023 and 2022, respectively. The program amounts are appropriated each year by the Federal and State governments. If significant budget cuts are enacted at the Federal and/or State level, the amount of the funds the Agency receives could be reduced significantly and have an adverse impact on its operations.

NOTE 6: RENTAL INCOME

The Agency leases office space to an unrelated entity to provide in house pharmacy services to patients. The lease term is for one year with an option to renew, on an annual basis, upon consent of both parties. Monthly lease payments are \$1,000, and the lease expires in February 2023. Rental income for the year ended December 31, 2023 and 2022 was \$12,000 and \$12,000, respectively.

NOTE 7: NEW ACCOUNTING PRONOUNCEMENTS

In January 2021, the Agency adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities Contribute Nonfinancial Assets*. The ASU required nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Agency's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

In February 2016, the FASB issues ASU No. 2016-02, Leases (Topic ASC 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets. The standard requires organizations to recognize, on the balance sheet, the assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative and quantitative disclosures providing additional information about the amounts recorded in the financial statements. There were no leases recognized on the balance sheet as of December 31, 2023, or 2022.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 8: CONTINGENCIES

The Agency participates in Federal and State grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustments by the grantor agency; therefore, to the extent the Agency has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Family Service of Greater Baton Rouge.

NOTE 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Agency's financial assets as of the statement of financial position date, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>12/31/2023</u>
Current Assets, excluding nonfinancial assets	\$ 774,204
Less those unavailable for general expenditures Within a year:	
Board Designated reserves	(20,701)
Financial Assets available to meet cash needs for General expenditures within one year	\$ <u>753,503</u>

NOTE 10: CONCENTRATIONS OF CREDIT RISK

The Agency maintains deposits in banks that may, at times, exceed the amount of federal deposit insurance available. Management periodically assesses the financial condition of the institutions and believes that any potential for deposit loss is minimal. The uninsured deposits at December 31, 2023 and 2022, equated to \$132,611 and \$0, respectively.

NOTE 11: RELATED PARTY TRANSACTIONS

During 2023, a member of the Board of Directors made a donation to the Company in the amount of \$100.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 12: SUBSEQUENT EVENTS

Family Service of Greater Baton Rouge has evaluated all subsequent events through June 24, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



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FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2023

Agency Head Name: Rene Taylor, Executive Director

Salary	\$ 103,598
Benefits – insurance	3,554
Benefits – retirement	<u>1,800</u>
Total Compensation	\$ <u>108,952</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*

To the Board of Directors of
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Services of Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 June 24, 2024.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 24, 2024



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Family Service of Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Services of Greater Baton Rouge's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Family Services of Greater Baton Rouge's major federal programs for the year ended December 31, 2023. Family Services of Greater Baton Rouge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Services of Greater Baton Rouge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Services of Greater Baton Rouge and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Family Services of Greater Baton Rouge's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family Services of Greater Baton Rouge's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family Services of Greater Baton Rouge's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family Services of Greater Baton Rouge's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Family Services of Greater Baton Rouge's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Family Services of Greater Baton Rouge's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Family Services of Greater Baton Rouge's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 24, 2024

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(See Accompanying Notes to Financial Statements)
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
Pass-through programs from:		
Louisiana Department of Health and Hospitals		
HIV Care Formula Grants	93.940	\$ 68,421
Louisiana Department of Children and Family Services		
Social Services Block Grant 2023	93.667	\$ 16,684
City of Baton Rouge, Parish of East Baton Rouge		
Ryan White Ending the HIV Epidemic Grant Program	93.686	974,657
Ryan White Part A HIV Emergency Relief Grant Program	93.914	183,008
Our Lady of the Lake Hospital, Inc.		
Coordinated Services and Access to Research for Women, Children and Youth (Ryan White Program Part D Women, Infants, Children and Youth WICY Program)	93.153	87,891
Tulane University: Tulane Education Fund		
Child Care and Development Block Grant	93.575	<u>328,705</u>
Total Department of Health and Human Services		<u>1,659,366</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,659,366</u></u>

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal expenditures of Family Service of Greater Baton Rouge and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The Organization has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

Family Service of Greater Baton Rouge did not pass through any of its federal awards to a subrecipient during the fiscal year 2023.

NOTE 5: NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the fiscal year 2023.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Years Ended December 31, 2023

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Management Letter

Was a management letter issued? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified Opinion

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? _____ Yes X No

Identification of major federal programs:

CFDA Numbers

93.686

Federal Program or Cluster

Ryan White Ending the HIV Epidemic Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No



FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Internal Control Findings-No Findings Noted

Compliance Findings-No Findings Noted

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards and the Uniform Guidance*, were noted during the audit.

FAMILY SERVICE OF GREATER BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Internal Control Findings-No Findings Noted

Compliance Findings-No Findings Noted

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings related to internal control, which would be required to be reported in accordance with *Government Auditing Standards and the Uniform Guidance*, were noted during the audit.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Family Service of Greater Baton Rouge (the Agency) 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 January 1, 2023 through December 31, 2023. Family Service of Greater Baton Rouge's (the Agency's) management is responsible for those C/C areas identified in the SAUPs.

The Agency 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 January 1, 2023 through December 31, 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 rates 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. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Finding:

With regards to items "ix" above, Family Services has an ethics policy within the Employee Policies and Procedures Manual. However, the policy does not meet the criteria enumerated in item "ix".

Management's Response:

We will update our Policies and Procedures to include these discrepancies to include Louisiana ethics requirement.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - 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. *Alternatively, for those entities reporting on the not-for-profit 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 noted.

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 written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (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 noted.

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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - 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, is (are) not also 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 that the bond or insurance policy for theft was in force 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). *Alternatively, 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 that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - 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.
- 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 above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- 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 Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

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. *Alternatively, 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, the documented approval); 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 that the invoice and related payment agreed to the terms and conditions of the contract.

Not applicable.

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.

No exceptions noted.

- 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);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that 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 agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- 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.

Not applicable.

- 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 noted.

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 that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions noted.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not Applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

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 that 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).

Not Applicable.

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.

Not Applicable.

- B. Observe that 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.

Not Applicable

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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.



- 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.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

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

We performed the procedure 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.

Not applicable.

- B. Observe that 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).

Not applicable.

- 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.

Not applicable

We were engaged by Agency 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 Agency 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
June 24, 2024