

**LAFAYETTE
HABITAT FOR HUMANITY, INC.**

Financial Report

Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of
Lafayette Habitat for Humanity, Inc.
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lafayette Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, 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 Lafayette Habitat for Humanity, Inc. as of June 30, 2024 and 2023, 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 Lafayette Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Habitat for Humanity, Inc.'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 Lafayette Habitat for Humanity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Habitat for Humanity, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024, on our consideration of Lafayette Habitat for Humanity, 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 Lafayette Habitat for Humanity, 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 Lafayette Habitat for Humanity, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
August 30, 2024

FINANCIAL STATEMENTS

LAFAYETTE HABITAT FOR HUMANITY, INC.

Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents-		
Unrestricted	\$ 554,780	\$ 318,576
Reserved for escrow deposits	86,168	82,566
Investments	-	722,530
Other receivables	160,619	248,731
Mortgage notes receivable, net	82,017	86,785
Inventory	952,591	850,895
Prepaid expenses	111,269	119,248
Prepaid escrow	179,126	110,063
Other current assets	<u>11,543</u>	<u>11,543</u>
Total current assets	2,138,113	2,550,937
Property and equipment, net of accumulated depreciation	674,810	735,191
Operating right-of-use assets, net	3,947,581	4,082,776
Notes and mortgage notes receivable, net	<u>1,607,161</u>	<u>1,857,118</u>
Total assets	<u>\$ 8,367,665</u>	<u>\$ 9,226,022</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 289,440	\$ 233,289
Accrued payroll and related liabilities	48,378	49,079
Other current liabilities	32,626	31,499
Current maturities of long-term debt	167,284	16,213
Current lease liability	<u>350,186</u>	<u>292,385</u>
Total current liabilities	887,914	622,465
Noncurrent liabilities:		
Long-term debt, less current portion	638,765	605,778
Long-term lease liability	<u>3,277,014</u>	<u>3,630,200</u>
Total noncurrent liabilities	3,915,779	4,235,978
Total liabilities	<u>4,803,693</u>	<u>4,858,443</u>
Net assets:		
Without donor restrictions	3,522,991	4,326,598
With donor restrictions	<u>40,981</u>	<u>40,981</u>
Total net assets	3,563,972	4,367,579
Total liabilities and net assets	<u>\$ 8,367,665</u>	<u>\$ 9,226,022</u>

The accompanying notes are an integral part of this statement

LAFAYETTE HABITAT FOR HUMANITY, INC.

Statement of Activities
Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Public support -			
Contributions	\$ 348,059	\$ -	\$ 348,059
Grants	762,309	-	762,309
Services and materials	<u>21,900</u>	<u>-</u>	<u>21,900</u>
Total public support	1,132,268	-	1,132,268
Sales to homeowners	1,011,018	-	1,011,018
Amortization of discount on notes and mortgage loans	200,327	-	200,327
Gain on sale of mortgages	770,551	-	770,551
ReStore	1,202,425	-	1,202,425
Other income	126,691	-	126,691
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>4,443,280</u>	<u>-</u>	<u>4,443,280</u>
Expenses and losses.			
Program services -			
Home construction			
Construction	2,291,138	-	2,291,138
Homeowner services	559,945	-	559,945
Volunteers	116,998	-	116,998
ReStore - Midtown	275,626	-	275,626
ReStore - North	1,011,410	-	1,011,410
McComb-Veazey	301,271	-	301,271
Disaster Recovery	<u>1,357</u>	<u>-</u>	<u>1,357</u>
Total program services	<u>4,557,745</u>	<u>-</u>	<u>4,557,745</u>
Supporting services -			
Management and general	<u>384,429</u>	<u>-</u>	<u>384,429</u>
Fundraising			
Development	256,595	-	256,595
Grants	<u>48,118</u>	<u>-</u>	<u>48,118</u>
Total fundraising	<u>304,713</u>	<u>-</u>	<u>304,713</u>
Total supporting services	<u>689,142</u>	<u>-</u>	<u>689,142</u>
Total expenses	<u>5,246,887</u>	<u>-</u>	<u>5,246,887</u>
Changes in net assets	(803,607)	-	(803,607)
Net assets, beginning of year	<u>4,326,598</u>	<u>40,981</u>	<u>4,367,579</u>
Net assets, end of year	<u>\$ 3,522,991</u>	<u>\$ 40,981</u>	<u>\$ 3,563,972</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Statement of Activities
Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Public support -			
Contributions	\$ 167,162	\$ 4,000	\$ 171,162
Grants	1,491,447	-	1,491,447
Services and materials	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total public support	1,678,609	4,000	1,682,609
Sales to homeowners	961,500	-	961,500
Amortization of discount on notes and mortgage loans	164,810	-	164,810
Gain on sale of mortgages	613,839	-	613,839
ReStore	1,126,115	-	1,126,115
Other income	426,263	-	426,263
Net assets released from restrictions	<u>12,816</u>	<u>(12,816)</u>	<u>-</u>
Total revenue and support	<u>4,983,952</u>	<u>(8,816)</u>	<u>4,975,136</u>
Expenses and losses.			
Program services -			
Home construction			
Construction	2,536,858	-	2,536,858
Homeowner services	292,174	-	292,174
Volunteers	41,682	-	41,682
ReStore - Midtown	667,436	-	667,436
Restore - North	667,743	-	667,743
McComb-Veazey	191,827	-	191,827
Disaster Recovery	<u>16,884</u>	<u>-</u>	<u>16,884</u>
Total program services	<u>4,414,604</u>	<u>-</u>	<u>4,414,604</u>
Supporting services -			
Management and general	<u>358,233</u>	<u>-</u>	<u>358,233</u>
Fundraising			
Development	214,630	-	214,630
Grants	<u>49,144</u>	<u>-</u>	<u>49,144</u>
Total fundraising	<u>263,774</u>	<u>-</u>	<u>263,774</u>
Total supporting services	<u>622,007</u>	<u>-</u>	<u>622,007</u>
Total expenses	<u>5,036,611</u>	<u>-</u>	<u>5,036,611</u>
Changes in net assets	(52,659)	(8,816)	(61,475)
Net assets, beginning of year	<u>4,379,257</u>	<u>49,797</u>	<u>4,429,054</u>
Net assets, end of year	<u>\$ 4,326,598</u>	<u>\$ 40,981</u>	<u>\$ 4,367,579</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE HABITAT FOR HUMANITY INC.

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services						Disaster Recovery
	Construction	Homeowner Services	Volunteers	ReStore Midtown	ReStore North	McComb Veazey	
Compensation and related expenses:							
Salaries	\$ 337,732	\$ 192,886	\$ 83,459	\$ 77,829	\$ 318,016	\$ 92,086	\$ -
Employee benefits -							
Medical	33,535	15,280	6,889	16,522	54,730	7,524	-
Payroll taxes	24,363	16,891	7,345	6,248	27,211	8,079	-
	<u>395,630</u>	<u>225,057</u>	<u>97,693</u>	<u>100,599</u>	<u>399,957</u>	<u>107,689</u>	<u>-</u>
Advertising cost	3,900	-	3,500	5,051	13,825	4,688	-
Administrative cost	47	15	-	4,063	24,598	-	-
Building material and supplies	1,037,984	-	-	24,022	175,431	-	-
Contract labor	28,919	2,753	674	10,491	19,722	2,301	-
Depreciation	26,395	-	-	13,994	9,454	380	-
Amortization	-	-	-	29,136	106,059	-	-
Fuel	14,933	-	-	2,608	8,902	114	-
Grant disbursements	-	260,933	-	-	-	79,185	-
Insurance	121,111	2,712	-	14,102	66,912	4,857	-
Interest	-	-	-	-	-	-	-
Meals and entertainment	683	840	70	204	-	6,717	1,357
Membership fees	2,815	3,000	3,300	1,500	1,600	2,153	-
Miscellaneous	3,298	31,311	312	7,519	24,839	2,708	-
Mortgage discounts	594,248	-	-	-	-	-	-
Office expenses	11,583	9,166	1,363	1,497	7,680	29,162	-
Postage and printing	349	293	129	258	8,023	9,347	-
Professional fees	11,857	-	1,857	929	929	34,144	-
Property tax	-	-	-	7,740	12,035	-	-
Rent and lease expense	-	-	-	31,216	80,654	1,774	-
Repairs and maintenance	17,049	444	142	2,655	8,441	3,202	-
Technology	7,011	10,777	719	3,440	10,586	3,642	-
Telephone	3,802	5,412	3,277	5,367	7,716	1,514	-
Tithe	-	-	-	-	-	-	-
Training	3,477	3,074	-	-	816	1,500	-
Travel	3,423	2,862	348	151	7,750	3,823	-
Utilities	2,624	1,296	3,614	9,084	15,481	2,371	-
Total	<u>\$ 2,291,138</u>	<u>\$ 559,945</u>	<u>\$ 116,998</u>	<u>\$ 275,626</u>	<u>\$ 1,011,410</u>	<u>\$ 301,271</u>	<u>\$ 1,357</u>

The accompanying notes are an integral part of this statement.

Total Program Services	Supporting Services					Total Expenses
	Management and General	Fundraising			Total Supporting Services	
		Development	Grants	Total Fundraising		
\$ 1,102,008	\$ 151,193	\$ 149,763	\$ 37,640	\$ 187,403	\$ 338,596	\$ 1,440,604
134,480	25,846	14,312	-	14,312	40,158	174,638
90,137	13,382	13,080	3,302	16,382	29,764	119,901
1,326,625	190,421	177,155	40,942	218,097	408,518	1,735,143
30,964	-	24,048	-	24,048	24,048	55,012
28,723	1,015	93	-	93	1,108	29,831
1,237,437	-	-	-	-	-	1,237,437
64,860	1,099	648	648	1,296	2,395	67,255
50,223	14,238	300	-	300	14,538	64,761
135,195	-	-	-	-	-	135,195
26,557	-	-	-	-	-	26,557
340,118	-	-	-	-	-	340,118
209,694	33,509	310	-	310	33,819	243,513
-	50,237	-	-	-	50,237	50,237
9,871	1,122	322	-	322	1,444	11,315
14,368	1,700	2,120	1,500	3,620	5,320	19,688
69,987	1,200	246	246	492	1,692	71,679
594,248	-	-	-	-	-	594,248
60,451	12,635	1,938	-	1,938	14,573	75,024
18,399	2,545	5,922	-	5,922	8,467	26,866
49,716	25,116	18,835	1,857	20,692	45,808	95,524
19,775	-	-	-	-	-	19,775
113,644	99	-	-	-	99	113,743
31,933	15,236	142	142	284	15,520	47,453
36,175	17,894	11,002	-	11,002	28,896	65,071
27,088	3,246	3,277	2,135	5,412	8,658	35,746
-	5,000	-	-	-	5,000	5,000
8,867	2,848	1,345	-	1,345	4,193	13,060
18,357	4,621	8,244	-	8,244	12,865	31,222
34,470	648	648	648	1,296	1,944	36,414
<u>\$ 4,557,745</u>	<u>\$ 384,429</u>	<u>\$ 256,595</u>	<u>\$ 48,118</u>	<u>\$ 304,713</u>	<u>\$ 689,142</u>	<u>\$ 5,246,887</u>

LAFAYETTE HABITAT FOR HUMANITY INC.

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services						Disaster Recovery
	Construction	Homeowner Services	Volunteers	ReStore Midtown	ReStore North	McComb Veazey	
Compensation and related expenses:							
Salaries	\$ 398,727	\$ 202,686	\$ 26,500	\$ 211,802	\$ 197,723	\$ 72,809	\$ -
Employee benefits -							
Medical	44,449	16,599	-	32,387	20,865	7,544	-
Payroll taxes	26,318	15,169	1,944	15,774	14,188	5,415	-
	<u>469,494</u>	<u>234,454</u>	<u>28,444</u>	<u>259,963</u>	<u>232,776</u>	<u>85,768</u>	<u>-</u>
Advertising cost	-	-	-	14,380	27,396	3,145	-
Administrative cost	-	20	-	13,523	14,232	-	-
Building material and supplies	940,630	-	-	69,824	89,480	-	-
Contract labor	12,998	3,095	1,825	9,485	43,094	7,526	1,980
Depreciation	24,951	-	-	9,643	9,364	381	-
Amortization	-	-	-	99,108	24,847	-	-
Fuel	19,665	-	-	14,061	13,860	187	-
Grant disbursements	-	-	-	-	-	26,800	-
Insurance	126,327	1,167	-	41,941	44,881	1,932	-
Interest	-	-	-	-	-	-	-
Meals and entertainment	1,129	1,487	-	896	-	10,856	1,203
Membership fees	6,003	2,397	2,143	1,371	1,371	817	-
Miscellaneous	8,006	11,500	411	15,738	14,118	2,995	-
Mortgage discounts	751,805	-	-	-	-	-	-
Office expenses	33,016	3,136	-	11,709	6,112	26,066	-
Postage and printing	1,552	417	-	9,169	9,760	2,296	-
Professional fees	31,335	19,525	1,950	975	975	-	-
Property tax	-	479	-	8,206	12,506	-	-
Rent	1,291	-	-	50,503	75,832	826	-
Repairs and maintenance	95,459	1,171	-	8,941	8,497	3,251	13,701
Technology	5,205	8,052	900	4,766	7,365	10,355	-
Telephone	3,764	3,164	3,164	5,710	7,695	2,192	-
Title	-	-	-	-	-	-	-
Training	595	751	-	600	250	1,600	-
Travel	-	-	-	2,910	1,865	2,974	-
Utilities	3,633	1,359	2,845	14,014	21,467	1,860	-
Total	<u>\$ 2,536,858</u>	<u>\$ 292,174</u>	<u>\$ 41,682</u>	<u>\$ 667,436</u>	<u>\$ 667,743</u>	<u>\$ 191,827</u>	<u>\$ 16,884</u>

The accompanying notes are an integral part of this statement.

Total Program Services	Supporting Services					Total Expenses
	Management and General	Fundraising			Total Supporting Services	
		Development	Grants	Total Fundraising		
\$ 1,110,247	\$ 130,309	\$ 138,612	\$ 36,243	\$ 174,855	\$ 305,164	\$ 1,415,411
121,844	14,288	7,339	-	7,339	21,627	143,471
78,808	9,428	10,454	2,709	13,163	22,591	101,399
1,310,899	154,025	156,405	38,952	195,357	349,382	1,660,281
44,921	-	23,268	-	23,268	23,268	68,189
27,775	4,333	-	-	-	4,333	32,108
1,099,934	-	-	-	-	-	1,099,934
80,003	1,825	1,825	1,825	3,650	5,475	85,478
44,339	13,909	125	-	125	14,034	58,373
123,955	-	-	-	-	-	123,955
47,773	69	-	-	-	69	47,842
26,800	-	-	-	-	-	26,800
216,248	53,332	454	-	454	53,786	270,034
-	39,950	-	-	-	39,950	39,950
15,571	1,941	1,087	-	1,087	3,028	18,599
14,102	2,283	3,018	2,143	5,161	7,444	21,546
52,768	3,024	459	411	870	3,894	56,662
751,805	-	-	-	-	-	751,805
80,039	10,579	2,229	-	2,229	12,808	92,847
23,194	3,171	1,395	-	1,395	4,566	27,760
54,760	15,832	7,756	1,950	9,706	25,538	80,298
21,191	11	-	-	-	11	21,202
128,452	-	-	-	-	-	128,452
131,020	8,032	-	-	-	8,032	139,052
36,643	18,319	7,777	-	7,777	26,096	62,739
25,689	3,164	3,313	3,163	6,476	9,640	35,329
-	20,000	-	-	-	20,000	20,000
3,796	1,272	2,162	-	2,162	3,434	7,230
7,749	2,462	2,657	-	2,657	5,119	12,868
45,178	700	700	700	1,400	2,100	47,278
<u>\$ 4,414,604</u>	<u>\$ 358,233</u>	<u>\$ 214,630</u>	<u>\$ 49,144</u>	<u>\$ 263,774</u>	<u>\$ 622,007</u>	<u>\$ 5,036,611</u>

LAFAYETTE HABITAT FOR HUMANITY, INC.

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (803,607)	\$ (61,475)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities -		
Sales of homes to participants, net of discounts	(416,770)	(384,204)
Gain on sale of mortgage notes receivable	(770,551)	(613,839)
Assumption of mortgage notes receivable	-	(350,719)
Depreciation	64,761	58,373
Amortization of right-of-use assets	135,195	123,955
Amortization of mortgage discount	(200,327)	(164,810)
Changes in assets and liabilities-		
(Increase) decrease in:		
Other receivables	88,112	(204,257)
Inventory	(101,696)	(121,146)
Prepaid expenses	7,979	(1,976)
Other current assets	-	-
Accounts payable	56,151	10,158
Accrued payroll and related liabilities	(701)	9,576
Escrow payable	(72,665)	(110,710)
Operating lease liabilities	(295,385)	(284,146)
Other current liabilities	<u>1,127</u>	<u>(4,562)</u>
Net cash provided (used) by operating activities	<u>(2,308,377)</u>	<u>(2,099,782)</u>
Cash flows from investing activities:		
Proceeds from notes and mortgage notes receivable, net	409,697	375,833
Proceeds from the sale of mortgage notes	1,232,676	961,500
Purchases of investments	722,530	(722,530)
Purchases of property and equipment	<u>(4,380)</u>	<u>(97,440)</u>
Net cash provided by investing activities	<u>2,360,523</u>	<u>517,363</u>
Cash flows from financing activities:		
Advance (payment) on line of credit	200,000	300,000
Net proceeds (principal payments) on long-term debt	<u>(15,942)</u>	<u>(14,601)</u>
Net cash provided (used) by financing activities	<u>184,058</u>	<u>285,399</u>
Net increase (decrease) in cash and cash equivalents	236,204	(1,297,020)
Cash and cash equivalents, beginning of year	<u>318,576</u>	<u>1,615,596</u>
Cash and cash equivalents, end of year	<u>\$ 554,780</u>	<u>\$ 318,576</u>
Supplemental disclosure for the statements of cash flows:		
Interest paid	<u>\$ 50,237</u>	<u>\$ 39,950</u>
Non-interest bearing mortgage loans issued	<u>\$ 594,248</u>	<u>\$ 577,296</u>

The accompanying notes are an integral part of this statement

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Organization and Purpose

Lafayette Habitat for Humanity, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana and is an affiliate of Habitat for Humanity International, Inc. The Organization's purpose is to help provide housing for low-income families by identifying potential home sites, constructing new homes, and refurbishing existing structures. The homes are located in Vermilion and Lafayette Parishes and are financed to qualified families with mortgage notes carrying an affordable interest rate

The Organization owns and operates Lafayette Habitat for Humanity ReStore, which sells donated building materials, household goods, and items purchased in bulk to the general public at a below retail price. The net proceeds from the ReStore operations are used to help support the programs which carry out the primary purpose of the Organization.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Reserved Cash

The Organization services the mortgages on homes it sells. Included in cash and cash equivalents are amounts received from homeowners for insurance, property taxes, and for mortgage payments received prior to closing. As of June 30, 2024 and 2023, reserved cash for escrow deposits was \$86,168 and \$82,566, respectively.

E. Investments and Related Income, Gains, and Losses

In accordance with FASB ASC subtopic 958-320, "*Not-for-Profit Entities – Investments – Debt and Equity Securities*", the Organization carries investments at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

F. Mortgage Notes Receivable

Mortgage notes receivable consist of non-interest-bearing mortgage notes which are collateralized by movable property or real estate in Lafayette, Calcasieu, and Iberia Parishes and payable in monthly installments over the life of the mortgage loans. The mortgage notes receivable balances are net of discounts, which represent the difference between the stated amount of the notes and the present value based on an imputed amount of interest. The discounts are amortized over the lives of the loans. The imputed rates are set by Habitat for Humanity International, Inc. The rates are based on rates published by the Internal Revenue Service. Mortgage notes receivable are considered past due if payments are more than thirty days late. Management believes that the values of such collateral are in excess of the receivable as of June 30, 2024 and 2023 and therefore, no additional allowance for losses has been recorded.

G. Pledges Receivable

Contributions receivable that are expected to be collected in future years are recorded at their fair value based on the present value of their estimated future cash flows and are discounted at the rate applicable to the year in which the contribution was made.

H. Inventory

Inventory includes new homes valued at costs incurred, exclusive of contributed labor, and repossessed homes valued at cost, which includes the unpaid mortgage and related costs at the time of the foreclosure and the cost of repairs after the foreclosure.

ReStore inventory represents purchased materials and household goods to be sold in the retail operations, as well as building materials and goods on hand for use in the construction of homes. Gift in-kind inventory is recorded at the fair value on the date of the receipt, and such items are expensed as program service expense when used. Purchased inventory is recorded at the lower of cost or market determined by the specific identification method. As of June 30, 2024 and 2023, inventory consists of the following.

	<u>2024</u>	<u>2023</u>
Construction in progress	\$ 806,384	\$ 674,553
Repossessions	55,968	54,064
ReStore	<u>90,239</u>	<u>122,278</u>
Total inventory	<u>\$ 952,591</u>	<u>\$ 850,895</u>

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

I. Property and Equipment

The Organization's capitalization policy is \$1,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expire over useful lives of the assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15 - 39
Furniture and equipment	3 - 7

J. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases the net assets with donor restrictions net asset class. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, new 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.

K. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

L. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service (IRS) as other than a private foundation. However, the organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2020.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

M. Compensated Absences

The Organization allows employees annual leave based on years of service. The length of eligible service is calculated on the basis of the employee's benefit year, the twelve-month period beginning when the employee started earning PTO. Annual leave will be carried forward without prior written approval and will not expire. Upon termination of employment, an employee is paid for no more than ten days of any accrued leave. At June 30, 2024 and 2023, total compensated absences liability was \$18,472 and \$25,350, respectively.

N. Donated Materials and Services

The Organization receives a significant amount of donated materials and services from unpaid volunteers who assist in program services during the year. Some of the donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied.

Donations meeting the criteria are recorded at estimated fair value as follows:

	<u>2023</u>	<u>2022</u>
Program services:		
Advertising	\$ 20,000	\$ 20,000
Labor	1,900	-
Total	<u>\$ 21,900</u>	<u>\$ 20,000</u>

O. Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$55,012 and \$68,189 for the years ended June 30, 2024 and 2023, respectively.

P. Use of Estimates

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

Q. Grant Audits

The Organization receives grants for specific purposes that are subject to review and audit by the funding agencies. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

R. Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets at June 30, 2024 and 2023:	\$ 883,584	\$1,459,188
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(40,981)</u>	<u>(40,981)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 842,603</u>	<u>\$1,418,207</u>

As part of the Organization's liquidity management, the Organization maintains sufficient cash balances throughout the year through the receipt of grants, donations, and proceeds from the operation of the Lafayette Habitat for Humanity ReStore to support the Organization's objective to help provide housing for low-income families by identifying potential home sites, constructing new homes, and refurbishing existing structures. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$600,000 which it could draw upon.

(3) Investments

Investments are carried at fair value based on quoted market prices in active markets (all Level 1 Measurements) and consist of the following at June 30, 2024 and 2023 consist of the following:

<u>Investment Type</u>	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ -	\$ -	\$ 100,002	\$ 102,636
Government and agency bonds	<u>-</u>	<u>-</u>	<u>616,130</u>	<u>619,894</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 716,132</u>	<u>\$ 722,530</u>

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

(4) Mortgage Notes Receivable

Mortgage notes receivable consists of non-interest-bearing mortgage notes less unamortized discounts. All mortgages are collateralized by real estate in Lafayette, Calcasieu, and Iberia Parishes. Mortgage notes receivable at June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Notes and mortgage notes receivable	\$ 2,941,067	\$ 3,534,028
Less unamortized discount	<u>1,251,889</u>	<u>1,590,125</u>
Notes and mortgage notes receivable, net	<u>\$ 1,689,178</u>	<u>\$ 1,943,903</u>
Current portion	\$ 82,017	\$ 86,785
Long-term portion	<u>1,607,161</u>	<u>1,857,118</u>
Total	<u>\$ 1,689,178</u>	<u>\$ 1,943,903</u>

Amortization of discounts was \$200,327 and \$164,810 for the years ended June 30, 2024 and 2023, respectively.

The contractual maturities of mortgage notes receivable are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2025	\$ 199,583
2026	195,844
2027	193,373
2028	185,751
2029	172,297
Thereafter	<u>1,994,219</u>
Total	<u>\$ 2,941,067</u>

During the year ended June 30, 2023, the Organization acquired ownership of 7 Habitat homeowner mortgages from Habitat for Humanity of Iberia Parish with a net value of \$350,719.

(5) Mortgage Notes Receivable Sold With Recourse

During the current fiscal year, the Organization entered into an agreement to sell several mortgages at 90-100% of the total outstanding mortgage note. As a result of the sale of the mortgages and recognition of the remaining unamortized mortgage discount, the Organization realized a net gain of \$770,551. As part of the sale agreement, the Organization administers and services the related mortgage loans that were sold until their maturity. The outstanding balance of loans sold with recourse at June 30, 2024 and 2023 was \$7,242,444 and \$6,422,172, respectively. In the event of default, the Organization is required to purchase the loan for the remaining outstanding balance.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

(6) Property and Equipment

Property and equipment consists of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 866,207	\$ 866,207
Furniture and Equipment	<u>206,529</u>	<u>202,149</u>
	1,072,736	1,068,356
Less accumulated depreciation	<u>(397,926)</u>	<u>(333,165)</u>
Balance, ending	<u>\$ 674,810</u>	<u>\$ 735,191</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$64,761 and \$58,373, respectively

(7) Long-term Debt

At June 30, 2024 and 2023, long-term debt was comprised of the following:

	<u>2024</u>	<u>2023</u>
Note payable to Iberia Bank, dated December 26, 2019, original principal of \$214,917 bearing interest at 4%, due in 59 monthly installments of \$1,597 including interest with final principal payment of \$158,887 due on December 30, 2024, secured by real estate.	\$ 163,464	\$ 175,723
Revolving line of credit with Iberia Bank dated February 16, 2023 and maturing February 16, 2026 bearing interest at the variable interest rate of 1.00% over Prime as quoted in The Wall Street Journal with an initial interest rate of 8.75%	500,000	300,000
EIDL Secured Disaster Loan Note payable to U.S. Small Business Administration, due May 2050, due in monthly installments of \$641 beginning May 2021, bearing interest at 2.75%.	<u>142,585</u>	<u>146,268</u>
Total long-term debt	806,049	621,991
Less current maturities of long-term debt	<u>(167,284)</u>	<u>(16,213)</u>
Net long-term debt	<u>\$ 638,765</u>	<u>\$ 605,778</u>

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

The future maturities of long-term debt are as follows.

Year ending June 30,	<u>Amount</u>
2025	\$ 167,284
2026	503,926
2027	4,035
2028	4,148
2029	4,263
Thereafter	<u>122,393</u>
Total	<u>\$ 806,049</u>

(8) Operating Leases

The Organization is obligated under various real property and equipment leases for varying terms expiring September 30, 2024 through April 7, 2035.

The following is a maturity analysis of the annual undiscounted cash flows (payments) of the operating lease liability as of June 30, 2024:

Year ending June 30,	<u>Payment</u>
2025	\$ 443,922
2026	453,732
2027	453,732
2028	453,732
2029	453,732
Thereafter	<u>1,844,718</u>
Total operating lease liability - payments	<u>\$4,103,568</u>

The following is a reconciliation of the total operating lease liability – payments on the schedule above to the operating lease liability on the accompanying statement of net position:

Operating lease liability -		
Payments		\$4,103,568
Current	\$ 350,186	
Noncurrent	<u>3,277,014</u>	<u>3,627,200</u>
Present value adjustment		<u>\$ 476,368</u>

Lease cost of \$106,744 and \$110,005 is included in program services in the statement of activities for the years ended June 30, 2024 and 2023, respectively. The weighted average of the remaining lease term is 8.53 years, and the weighted average discount rate used was 2.78%.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

As of June 30, 2024, the related right-of-use (ROU) assets had a balance of \$3,947,581, net of accumulated amortization of \$259,150, as shown in noncurrent assets on the statement of financial position.

As of June 30, 2023, the related right-of-use (ROU) assets had a balance of \$4,082,776, net of accumulated amortization of \$123,955, as shown in noncurrent assets on the statement of financial position.

(9) Net Assets

Net assets as of June 30, 2024 and 2023 was comprised of the following:

	<u>2024</u>	<u>2023</u>
With donor restrictions:		
Purpose restricted	\$ 40,981	\$ 40,981
Without donor restrictions:		
Undesignated	<u>3,522,991</u>	<u>4,326,598</u>
Total	<u>\$3,563,972</u>	<u>\$4,367,579</u>

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2024</u>
Unspent funds from the following:		
Disaster donations	\$ 37,583	\$ 37,583
Pocket Park donations	<u>3,398</u>	<u>3,398</u>
Total	<u>\$ 40,981</u>	<u>\$ 40,981</u>

(11) Net Assets Released from Restrictions

Details of net assets released from restrictions for the years ended June 30, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
Disaster donations	\$ -	\$ 8,816
H&R Block	<u>-</u>	<u>4,000</u>
	<u>\$ -</u>	<u>\$ 12,816</u>

LAFAYETTE HABITAT FOR HUMANITY, INC.

Notes to Financial Statements (Continued)

(12) Concentration of Credit Risk

The Organization maintains cash balances at local financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. At June 30, 2024, cash balances (bank balances) exceeded the federally insured limit by approximately \$324,689. At June 30, 2023, cash balances (bank balances) exceeded the federally insured limit by approximately \$29,512. The Organization has not experienced any loss on such deposits.

The Organization builds and rehabilitates houses in the Lafayette and surrounding areas. As a result, all of the mortgage receivables from homeowners are concentrated to an area of geographic risk. Additionally, all houses built are transferred to low-income families, which represents a credit risk.

(13) Compensation, Benefits, and Other Payments to Agency Head

The portion of the Organization's agency head's compensation, benefits, or other payments made from public funds received for the year ended June 30, 2024 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 30,140
Benefits - insurance	117
Benefits - retirement	1,440
PTO payout	<u>2,308</u>
	<u>\$ 34,005</u>

(14) Restore Operations

During the year ended June 30, 2024, the Organization consolidated the operations of its two Restore locations. As of November 2023, all Restore operations are conducted at the Restore North location.

(15) Subsequent Event Review

The Organization's management has evaluated subsequent events through August 30, 2024, the date which the financial statements were available to be issued.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

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To the Board of Directors of
Lafayette Habitat for Humanity, Inc.
Lafayette, 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 Lafayette Habitat for Humanity, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Habitat for Humanity, Inc.'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 Lafayette Habitat for Humanity, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Lafayette Habitat for Humanity, 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Habitat for Humanity, Inc.'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*.

Lafayette Habitat for Humanity, Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Lafayette Habitat for Humanity, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of current and prior year findings and management's corrective action plan. Lafayette Habitat for Humanity, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
August 30, 2024

LAFAYETTE HABITAT FOR HUMANITY, INC.

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2024

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2024-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Organization does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Organization has evaluated processes within the accounting system and the cost vs. benefit of hiring additional personnel and has determined that it may not be feasible to achieve complete segregation of duties.

B. Compliance

There were no compliance findings.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2024

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2023-001 Inadequate Segregation of duties

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2024-001.

2023-002 Payroll Overpayment

CONDITION: The Organization overpaid a former employee for PTO at termination. The individual employee was owed \$176 representing 16 hours of PTO but was paid \$1,936 representing 176 hours in error resulting in an overpayment of \$1,760. The error was identified shortly after submitting the direct deposit payroll file to the financial institution. When the error was identified, the Organization immediately contacted the financial institution requesting the direct deposit be reversed; however, the former employee had already withdrawn the funds. All other attempts to recover the overpayment from the former employee failed. A notice of trial has been filed in an attempt to recover the overpayment, and a trial is scheduled to take place on September 26, 2023.

RECOMMENDATION: Management should implement policies and procedures to ensure that the payroll journal and direct deposit file are properly reviewed prior to submitting to the financial institution.

CURRENT STATUS: Resolved.

LAFAYETTE HABITAT FOR HUMANITY, INC.

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2024

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Lafayette Habitat for Humanity, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. Lafayette Habitat for Humanity, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Lafayette Habitat for Humanity, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated 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.

Lafayette Habitat for Humanity, Inc. is not legally required to prepare a budget; therefore, this category is not applicable.

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.

Written policies and procedures were obtained, and it was noted that the policies and procedures do not address how purchases are initiated, or the preparation and approval process of purchase requisitions and purchase orders.

- iii. **Disbursements**, including processing, reviewing, and approving.
Written policies and procedures were obtained and address the functions noted above.
- 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).
Written policies and procedures were obtained and address the functions noted above
- 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.
Written policies and procedures were obtained and address the functions noted above.
- 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.
Written policies and procedures were obtained, and it was noted that the policies and procedures do not address the types of services requiring written contracts, standard terms and conditions, or legal review
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and do not address the functions noted above.
- 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).
Written policies and procedures were obtained, and it was noted that the policies and procedures do not address required approvers of statements.
- 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.
The provisions of R.S. 42:1111-1121 do not apply to not-for-profit entities. This step is not applicable to Lafayette Habitat for Humanity, Inc. However, it was noted that the entity has an anti-harassment policy in place.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
This section is not applicable to Lafayette Habitat for Humanity, Inc. However, it was noted the entity has a debt policy in place.
- 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.
Written policies and procedures were obtained and do not address the functions noted above

- 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.
- The provisions of R.S. 42:342-344 do not apply to not-for-profit entities. This step is not applicable to Lafayette Habitat for Humanity, Inc.*

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.
No exceptions were found as a result of this procedure.
 - 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 comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, 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.*
No exceptions were found as a result of this procedure.
 - 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.
This section is not applicable to Lafayette Habitat for Humanity, Inc., a not-for-profit organization.
 - 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.
It was noted that the board/finance committee did not receive written updates of the progress of resolving audit finding(s).

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:
- Obtained a listing of entity bank accounts for the fiscal period and management's representation that the listing is complete*

- 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):
No exceptions were found as a result of this procedure.
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
No exceptions were found as a result of this procedure.
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
Obtained and reviewed bank statements noting that there were no reconciling items that have been outstanding for more than 12 months from the statement closing date.

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).
Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.
- 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;
Observed that employees responsible for cash collections do not share the same 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;
Observed that employees responsible for collecting cash are not responsible for preparing/making bank deposits
 - 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
Observed that employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledgers.

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

Observed that employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, are not responsible for collecting cash.

- 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.

Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash, noting no exceptions.

- 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.

No exceptions were found as a result of the procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

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

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

- 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;
Observed that there are at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors;
Observed that 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.
Observed that the employee responsible for processing payments is not prohibited from adding/modifying vendor files. However, 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
Observed that the employee responsible for processing payments is not also responsible for mailing the payments.
 - 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.
Observed that only employees/officials authorized to sign checks do not 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
No exceptions were found as a result of this procedure.
 - 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.
Observed that disbursements selected for testing did not include evidence of segregation of duties.
- 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.*
Observed that electronic disbursements were not approved by persons authorized to disburse funds nor were they approved by the required number of authorized signers per the entity's policy.

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.

Obtained a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period and 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

Observed that the 5 monthly statements or combined statements and supporting documentation selected were not reviewed and approved, in writing, by someone other than the authorized card holder.

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

No exceptions were found as a result of this procedure.

- 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 were found as a result of this procedure.

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

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

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete.

- 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);
No exceptions were found as a result of this procedure.
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
No exceptions were found as a result of this procedure.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
No exceptions were found as a result of this procedure.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.
No exceptions were found as a result of this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
Obtained 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 and management's representation that the listing is complete.
 - 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;
N/A – This procedure is not applicable to the contract renewal selected for testing.
 - 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);
No exceptions were found as a result of this procedure.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
N/A – This procedure is not applicable to the contract renewal selected for testing.
 - 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.
No exceptions were found as a result of this procedure.

9) Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files, noting no exceptions.

- 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);

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the 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.

No exceptions were found as a result of this procedure.

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

Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and worker's compensation premiums have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

This section is not applicable to Lafayette Habitat for Humanity, Inc., a not-for-profit organization.

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

11) Debt Service

This section is not applicable to Lafayette Habitat for Humanity, Inc., a not-for-profit organization.

- 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 balance and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

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.

Per discussion with management, there were no misappropriations of public funds and assets during the fiscal period.

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523 I concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

- 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 Payroll and Personnel procedures #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were found as a result of this procedure.

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

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

None of the employees selected completed the training.

14) Prevention of Sexual Harassment

This section is not applicable to Lafayette Habitat for Humanity, Inc., a not-for-profit organization.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

- B. Observe 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).
- 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.

Management's Response

Management of Lafayette Habitat for Humanity, Inc. concurs with the exceptions and are working to address the deficiencies identified.

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

We are required to be independent of Lafayette Habitat for Humanity, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
August 30, 2024