

**FAMILY ROAD OF GREATER BATON ROUGE
BATON ROUGE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2023



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

**Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana**

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December 31, 2023

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Independent Auditor's Report

To the Board of Directors of
Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Family Road of Greater Baton Rouge, Inc. (Family Road), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Family Road as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Road and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 Road's ability to continue as a going concern for one year beyond the date that the financial statements are 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 GAAS 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 judgement of a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Road'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Road'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 Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer, as required by the State of Louisiana, 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 are not part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the 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 26, 2024, on our consideration of Family Road’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 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 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 Road’s internal control over financial reporting and compliance.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
June 26, 2024

Financial Statements

**Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana**

Statement A

**Statement of Financial Position
December 31, 2023**

| | 2023 |
|---|--------------|
| Assets | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 31,640 |
| Accounts Receivable | 42,762 |
| Employer Retention Credit Receivable | 558,451 |
| Total Current Assets | 632,853 |
| Net Property, Plant and Equipment: | |
| Building | 432,381 |
| Property and Equipment | 492,767 |
| Leasehold improvements | 518,440 |
| Accumulated Depreciation | (1,066,291) |
| Total Net Property, Plant and Equipment | 377,297 |
| Total Assets | \$ 1,010,150 |
| Liabilities and Net Assets | |
| Current Liabilities: | |
| Accounts Payable | \$ 13,132 |
| Accrued Salary | 15,256 |
| Accrued Vacation | 36,473 |
| Refundable Advance | 27,841 |
| Total Current Liabilities/Liabilities | 92,702 |
| Net Assets | |
| Without Donor Restrictions | 917,448 |
| With Donor Restrictions | - |
| Total Net Assets | 917,448 |
| Total Liabilities and Net Assets | \$ 1,010,150 |

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

**Family Roads of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana**

Statement B

**Statement of Activities
For the Year Ended December 31, 2023**

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>12/31/2023</u> |
|--|---|--|-------------------|
| Revenues | | | |
| Grants | | | |
| Governmental | \$ - | \$ 1,203,121 | \$ 1,203,121 |
| Private | 107,809 | 106,667 | 214,476 |
| Donations | 18,871 | - | 18,871 |
| Employer Retention Credit | 582,206 | - | 582,206 |
| Other Revenue | 10,824 | - | 10,824 |
| | <u>719,710</u> | <u>1,309,788</u> | <u>2,029,498</u> |
| Net assets released from restrictions | <u>1,377,374</u> | <u>(1,377,374)</u> | <u>-</u> |
| Total public support and revenue | <u>2,097,084</u> | <u>(67,586)</u> | <u>2,029,498</u> |
| Expenses | | | |
| Program Services | 1,349,619 | - | 1,349,619 |
| Management & General | 265,131 | - | 265,131 |
| Fundraising | 1,759 | - | 1,759 |
| Total Program Services | <u>1,616,509</u> | <u>-</u> | <u>1,616,509</u> |
| Total Expense | <u>1,616,509</u> | <u>-</u> | <u>1,616,509</u> |
| Increase (decrease) in Net Assets | 480,575 | (67,586) | 412,989 |
| Net Assets Beginning of Year | 436,873 | 67,586 | 504,459 |
| Net Assets End of Year | <u>\$ 917,448</u> | <u>\$ -</u> | <u>\$ 917,448</u> |

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

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Statement C

Statement of Functional Expenses
For the Year Ended December 31, 2023

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-------------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| Salaries | \$ 898,821 | \$ 73,958 | \$ - | \$ 972,779 |
| Payroll taxes and Employee Benefits | 176,029 | 23,395 | - | 199,424 |
| Depreciation | - | 42,685 | - | 42,685 |
| Dues & Subscriptions | 12,347 | 1,532 | - | 13,879 |
| Fundraising Expenses | - | - | 1,759 | 1,759 |
| Insurance | 3,335 | 17,409 | - | 20,744 |
| Legal and Accounting Fees | 25,550 | 8,152 | - | 33,702 |
| Marketing | 26,883 | 209 | - | 27,092 |
| Meetings, Travel and Education | 25,697 | 8,245 | - | 33,942 |
| Printing and Publications | 11,356 | 1,701 | - | 13,057 |
| Program and Other Expenses | 101,694 | 4,315 | - | 106,009 |
| Repairs & Maintenance | - | 14,477 | - | 14,477 |
| Security | - | 3,852 | - | 3,852 |
| Technology and Office Expense | 38,239 | 37,092 | - | 75,331 |
| Telephone/Internet | 29,655 | 3,589 | - | 33,244 |
| Utilities | 13 | 24,520 | - | 24,533 |
| Total Expenses | <u>\$ 1,349,619</u> | <u>\$ 265,131</u> | <u>\$ 1,759</u> | <u>\$ 1,616,509</u> |

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

**Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana**

Statement D

**Statement of Cash Flows
For the Year Ended December 31, 2023**

| | <u>12/31/2023</u> |
|---|-------------------|
| Cash Flows From Operating Activities | |
| Increase (Decrease) in Net Assets | \$ 412,989 |
| Adjustment for non-cash items: | |
| Depreciation | 42,685 |
| Changes in Operating Assets and Liabilities: | |
| Accounts Receivable | 57,238 |
| ERC Receivable | (558,451) |
| Refundable Advances | 27,841 |
| Accounts Payable | (7,555) |
| Accrued Expenses | (5,388) |
| Net Cash Used by Operating Activities | <u>(30,641)</u> |
| Cash Flows From Investing Activities | |
| Purchase of Property & Equipment | <u>(827)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(827)</u> |
| Decrease in Cash Equivalents | (31,468) |
| Cash and Cash Equivalents, Beginning of Year | <u>63,108</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 31,640</u> |

Family Road had no interest expense and no income tax expense for the year ended December 31, 2023.

The accompanying notes are an integral part of these statements.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2023

1. Significant Accounting Policies

A. Organization and Purpose

Family Road of Greater Baton Rouge, Inc. (the Organization) is a Louisiana nonprofit corporation organized to provide a place to help meet the needs of families through collaboration and coordination of community resources. The sources of income to the Organization include donations (public support), grants, donated services, and materials.

The Healthy Start grant was initially awarded to the Organization during the year ended September 30, 2002. The grant has been continually renewed since that time and is currently scheduled through March 31, 2029. Funding is provided by the U.S. Department of Health and Human Services through the Health Resources and Services Administration – Maternal and Child Health Bureau. The overall goal of the Family Road Healthy Start program is to reduce the high rate of infant mortality and minimize the racial disparity that exists in the project's service area and to improve access to quality maternal and child health services. Through outreach and recruitment, case management, health education, interconceptional care, depression screening and referral, and collaboration; Family Road Healthy Start provides services to prenatal and interconceptional women, infants, the fathers/partners, and their children and families. Access to quality health care, a skilled healthcare workforce, ensuring a responsive perinatal system and focusing on establishing overall health equity are important and providing aid to each program participant enrolled in achieving better maternal and birth outcomes.

B. Basis of Presentation

Family Road of Greater Baton Rouge, Inc. prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Family Road of Greater Baton Rouge, Inc. reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. As of December 31, 2023, Family Road of Greater Baton Rouge, Inc. had net assets without donor restrictions of \$917,448 and did not record any net assets with donor restrictions.

C. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks with original maturities of 90 days or less. Restricted cash represents amounts held by the Organization with donor-imposed restrictions.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2023

D. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions and grants are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance is necessary as of December 31, 2023.

E. Property and Equipment

Property and equipment are stated at historical cost. Depreciation of property and equipment is based upon the estimated useful lives of the assets, which range from 5-39 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

F. Contributed Materials and Services

The Organization recognizes contribution revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided for by donation.

Donated materials and equipment are reflected as contribution income and expense in the accompanying financial statements at their estimated values at the date of receipt.

G. Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, or other assets, and unconditional promise to give, or notification of beneficial interest is received. Contributions and grants received are recorded as those with donor restrictions or without donor restrictions depending on the nature of any donor restrictions.

Family Road of Greater Baton Rouge receives cost-reimbursement grants to support its activities. At December 31, 2023 the District's accounts receivable for these grants are \$42,762.

H. Refundable Advances

The Organization is the recipient of grants that require expenditure for specified activities before the Foundation is reimbursed by the grantor for the cost incurred. Documentation showing actual costs expended is included when submitting a monthly report for reimbursement. Certain grantors pay in

Family Road of Greater Baton Rouge, Inc.

Baton Rouge, Louisiana

Notes to Financial Statements

For the Year Ended December 31, 2023

advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as a refundable advance. At December 31, 2023, the Organization had \$27,840 in refundable advances.

I. Income Taxes

Family Road of Greater Baton Rouge, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Due to failure to file for three consecutive years, the organization's tax-exempt status was revoked February 15, 2024. The Organization is currently in the process of reinstating their tax-exempt status.

J. Estimates

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

2. Cash

Family Road maintains five bank accounts at the same financial institution. The cash in this institution is maintained in demand deposit accounts. Family Road's unreconciled cash balance per bank as of December 31, 2023, was \$30,279. Family Road's deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) as they are below the maximum insured amount of \$250,000.

3. Pension Plan

All employees, 18 years of age or older, are eligible to participate in the Employee Retirement Savings Plan at the date of hire. Employees may make voluntary contributions of up to 25% of their pay, up to \$18,000 per year. The Organization currently offers a 3% match under this plan. The retirement expense for the year ended December 31, 2023 was \$18,881.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2023

4. Property and Equipment

At December 31, 2023, property and equipment was as follows:

| Description | Estimated Service Life | Amount |
|--------------------------------|---------------------------|-------------------|
| Buildings and Improvements | 10-40 years | \$ 950,821 |
| Furniture and Equipment | 5-10 years | 492,767 |
| Less: Accumulated Depreciation | | (1,066,291) |
| | | <u>\$ 377,297</u> |

Depreciation expense for the year ended December 31, 2023, was \$42,685.

5. Economic Dependency

Family Road derives the majority of its revenue from governmental entities, the loss of which would have a material adverse effect on the Organization. During the year then ended December 31, 2023, revenue received from governmental entities amounted to 59% of total revenue.

6. Contingencies

Family Road receives federal and state grants for specific purposes that are subject to audit by the granting agencies. Such audit could lead to requests for reimbursement to the granting agency for expenditures disallowed under the terms of the grant document or contract. Management is of the opinion that Family Road's compliance with the terms of all contracts and grant documents will result in negligible, if any, disallowed costs.

7. Liquidity and Availability of Financial Assets

The Organization's financial assets that are available for use within one year of the statement of net position date for general expenses consist of unrestricted cash and receivables of \$632,853. As part of the Organization's liquidity management, Family Road structures its financial assets to be available as expenditures, liabilities and other obligations come due.

8. Related Party Transactions

During the year then ended December 31, 2023, Family Road of Greater Baton Rouge paid Clay Young Enterprises, LLC a total of \$11,960 for advertising services. Mr. Young serves on the board of directors of Family Road.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2023

9. Subsequent Events

Management of Family Road of Greater Baton Rouge, Inc. has evaluated subsequent events through June 26, 2024, the date that the financial statements were available to be issued.

Family Road of Greater Baton Rouge entered into a promissory note of \$150,000 from the Huey and Angelina Wilson Foundation on April 16, 2024. The maturity date of this note is October 16, 2024. This promissory note will be used to support general operations to help strengthen families through leadership, collaboration, and coordination of community services in the Greater Baton Rouge area.

The Organization also has a loan payable to the CEO/President for \$25,000 which is expected to be paid back in 2024.

Both loans were used to help pay for general operations due to a delay in the renewal of the Healthy Start Grant. The Organization's Healthy Start Grant ended on March 31, 2024. The grant was renewed for an additional five years, but not until May 1, 2024.

Supplementary Information

Family Road of Greater Baton Rouge, Inc.
Schedule of Compensation, Benefits, and Other Payments
To Agency Head or Chief Executive Director
Year Ended December 31, 2023

Agency Head Name: Dena Christy

Description:

| | |
|----------|------------------|
| Salary | \$ 85,001 |
| Benefits | <u>6,560</u> |
| Total | <u>\$ 91,561</u> |

See Independent Auditor's Report.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

| | <u>Pass Through Contact #</u> | <u>Assistance Listing Number</u> | <u>Total Federal Expenditures</u> |
|---|---------------------------------------|--|---|
| U.S. Department of Health and Human Services | | | |
| Pass Through Programs From: | | | |
| Healthy Resources and Services Administration | | | |
| Maternal and Child Bureau: | | | |
| Healthy Start Initiative | H49MC00107 | 93.926 | <u>1,203,121</u> |
| Total U.S. Department of Health and Human Services | | | <u>\$ 1,203,121</u> |

See Independent Auditor's Report.

**Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana**

**Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Family Road of Greater Baton Rouge, Inc. and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from the amounts presented in the preparation of the basic financial statements.

B. Reconciliation of Expenses to Federal Expenditures

| | |
|------------------------------------|--------------------|
| Total expenses | \$1,616,509 |
| Non-cash adjustment – depreciation | (42,685) |
| Non-federal expenditures | <u>(370,703)</u> |
| Total Federal Expenditures | <u>\$1,203,121</u> |

C. De Minimis Cost Rate

During the year ended December 31, 2023, the Organization elected to use the 10% de minimis cost rate as covered in Section 200.414 of the Uniform Guidance.

D. Amounts Passed Through Subrecipients

During the year then ended December 31, 2023, the Organization did not pass through any federal funding to subrecipients.

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

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A PROFESSIONAL ACCOUNTING CORPORATION

**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**

To the Board of Directors
Family Road of Greater Baton Rouge, Inc.
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 Road of Greater Baton Rouge, Inc. (Family Road or the Organization), a Louisiana non-profit corporation, which comprise the statement of financial position as of December 31, 2023 and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Road's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Road's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Road'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 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 and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-01.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Road 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-02.

Family Road of Greater Baton Rouge's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Family Road of Greater Baton Rouge's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Family Road of Greater Baton Rouge'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 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. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
June 26, 2024

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A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

Report on Compliance for the Healthy Start Initiative: Eliminating Disparities in Perinatal Health

Opinion on Compliance for the Healthy Start Initiative: Eliminating Disparities in Perinatal Health

We have audited Family Road of Greater Baton Rouge, Inc.'s (Family Road) compliance with the compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its Healthy Start Initiative: Eliminating Disparities in Perinatal Health for the year then ended December 31, 2023.

In our opinion, Family Road complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Healthy Start Initiative: Eliminating Disparities in Perinatal Health for the year then ended December 31, 2023.

Basis for Opinion on the Healthy Start Initiative: Eliminating Disparities in Perinatal Health

We conducted our audit 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* (CFR) 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 Road 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 opinion on compliance with the Healthy Start Initiative: Eliminating Disparities in Perinatal Health. Our audit does not provide a legal determination of Family Road'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, rules, and provisions of contracts or grant agreements applicable to the Healthy Start Initiative: Eliminating Disparities in Perinatal Health.

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 Road'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 GAAS, *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 one 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 judgement made by a reasonable user of the report on compliance about Family Road's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Road's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of Family Road'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 Road'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 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 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 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 that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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 testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
June 26, 2024

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year then ended December 31, 2023

SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued: Unmodified Opinion

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes
- Noncompliance material to financial statements noted? Yes

Federal Awards

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs: Unmodified

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

The programs tested as major programs include:

Healthy Start Program CFDA #93.926

- The threshold for distinguishing Types A and B programs was program expenditures equal to or exceeding \$750,000.
- Family Road of Greater Baton Rouge, Inc. did qualify as a low-risk auditee.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year then ended December 31, 2023

Financial Statement Findings

Internal Control

2023-01 Third Party Bank Fraud

Criteria:

Internal controls should be implemented to prevent and detect fraud.

Condition:

On October 16, 2023 the Organization's bank processed a counterfeit check against its operating account. The transaction was a counterfeit check to an individual in the amount of \$15,175. The Organization noticed the misappropriation on the day it cleared on October 16, 2023 when logging into its online checking. The Organization contacted the bank immediately and filed a police report. The Organization was reimbursed the next day on October 17, 2023.

Cause:

The cause is unknown.

Effect:

Misappropriations occurred in the amount of \$15,175

Recommendation:

We recommend the Organization to continue to log into its online checking account and review cleared transactions. We also recommend the Organization report any misappropriations to the Legislative Auditor and the District attorney.

Management's Response:

This was a one-time instance that was caught by Family Road. We have controls in place to prevent fraud from happening. We check the bank account daily. In this instance, we noticed the fraudulent check, contacted the bank immediately, filed a police report, and the funds were back in the checking account by the next day. We followed our internal control procedures, and there was no loss of funds. We were not aware we needed to inform the Legislative Auditor and the District Attorney's office. If this happens again, we will follow this procedure. Family Road checks all bank accounts twice daily as part of its internal controls. Family Road will continue to log into its online banking and review all transactions. The organization will report any misappropriations to the Legislative Auditor and District Attorney.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Schedule of Findings and Questioned Costs
Year then ended December 31, 2023

Compliance

2023-02 Revocation of Tax-Exempt Status

Criteria:

An organization classified as a 501(c)(3) required to file a Form 990 tax return, must file the return by the 15th day of the 5th month after the end of the Organization's accounting period.

Condition:

The Organization has not filed its tax returns for 2019 through 2022 fiscal year endings. During COVID-19, the organization changed its fiscal year, which the IRS has not recognized. As a result, the Organization's tax exempt status has been revoked.

Cause:

During COVID, Family Road's tax year changed. During this same time, the Organization's accountant had a life-changing illness from which he recovered, and following that time period, his mother passed, to whom he was a care provider. The IRS has not recognized the Organization's new fiscal year, resulting in the calculation of the returns being filed untimely.

Effect:

The Organization's tax exempt status has been revoked.

Recommendation:

We recommend the Organization review Revenue Procedure 2014-11 to have the Organization's tax exempt status reinstated. We also recommend the Board of Directors request to review the 990 tax return each year before submittal.

Management's Response:

Tax returns have been filed and are up to date. The organization has reviewed Revenue Procedure 2014-11 to expedite the reinstatement of its tax-exempt status and is in the process of executing it. The Board of Directors will request that the 990-tax return be reviewed each year before submittal.

Family Road of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana
Schedule of Prior Year Findings and Questioned Costs
For the Year ended December 31, 2023

Findings and Questioned Costs – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Programs

None noted.

**FAMILY ROAD OF GREATER BATON ROUGE
BATON ROUGE, LOUISIANA**

STATEWIDE AGREED-UPON PROCEDURES REPORT

Fiscal Period January 1, 2023 through December 31, 2023



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

ADAM C. HEBERT, CPA

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Family Road of Greater Baton Rouge, 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 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

1. 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:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **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.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **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).
- e) **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.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **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).
- i) **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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **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.
- l) **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.

No exceptions were found as a result of these procedures.

2) Board or Finance Committee

2. 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 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.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found as a result of these procedures.

3) Bank Reconciliations

3. 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 within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of these procedures.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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 custodial 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 were found as a result of these procedures.

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

- 8. 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).
- 9. 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.

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

- 10. 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.
11. 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 were found as a result of these procedures.

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
 - a) 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
 - b) 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 were found as a result of these procedures.

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 were found as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *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.

No exceptions were found as a result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - 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.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

10) Ethics

(These procedures are not applicable to the Organization)

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - a. 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
 - b. 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.
- 23. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

(These procedures are not applicable to the 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 balances 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.
- 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.

Exception:

On October 16, 2023 the Organization's bank processed a counterfeit check against its operating account. The transaction was a counterfeit check to an individual in the amount of \$15,175. The Organization noticed the misappropriation on the day it cleared on October 16, 2023 when logging into its online checking. The Organization contacted the bank immediately and filed a police report. The Organization was reimbursed the next day on October 17, 2023. The District did not report the misappropriation to the Louisiana Legislative Auditor or the local District Attorney.

Management's Response:

This was a one-time instance that was caught by Family Road. We have controls in place to prevent fraud from happening. We check the bank account daily. In this instance, we noticed the fraudulent check, contacted the bank immediately, filed a police report, and the funds were back in the checking account by the next day. We followed our internal control procedures, and there was no loss of funds. We were not aware we needed to inform the Legislative Auditor and the District Attorney's office. If this happens again, we will follow this procedure. Family Road checks all bank accounts twice daily as part of its internal controls. Family Road will continue to log into its online banking and review all transactions. The organization will report any misappropriations to the Legislative Auditor and District Attorney.

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.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe

evidence that the selected terminated employees have been removed or disabled from the network.

- 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.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

(These procedures are not applicable to the 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.

We were engaged by Family Road of Greater Baton Rouge, 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 Family Road of Greater Baton Rouge, 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.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
June 26, 2024