PROJECT LAZARUS
AUDITED FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEARS ENDED
June 30, 2024 and 2023

PROJECT LAZARUS

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June 30, 2024 and 2023

KUSHNER
LAGRAIZE, LLC
CPAs & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Project Lazarus

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Project Lazarus (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Lazarus 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 Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project Lazarus and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Project Lazarus's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditors' 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 auditors' 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 Project Lazarus'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 Project Lazarus'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of Project Lazarus'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 Project Lazarus'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 Project Lazarus's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 16, 2024

PROJECT LAZARUS

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 1,621,076	$ 1,824,272
Grants receivable	213,342	307,976
Other	8,916	9,095
Total Current Assets	1,843,334	2,141,343
Property and equipment, net	645,614	572,612
Investments – securities at fair value	490,600	444,659
Art collection prints	4,000	4,000
Total Assets	$ 2,983,548	$ 3,162,614

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable	$ 17,638	$ 84,910
Accrued expenses	40,541	68,430
Total Current Liabilities	58,179	153,340
NET ASSETS		
Net assets without donor restrictions	2,922,353	2,999,274
Net assets with donor restrictions	3,016	10,000
Total Net Assets	2,925,369	3,009,274
Total Liabilities and Net Assets	$ 2,983,548	$ 3,162,614

PROJECT LAZARUS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	$ 642,769	$ 27,000	$ 669,769
Contributions of cash and other financial assets	90,490	-	90,490
Contributions of non-financial assets	281,058	-	281,058
Fundraising income	159,149	-	159,149
Program income	19,580	-	19,580
Dividends and interest	52,565	-	52,565
Realized and unrealized gain on investments, net	40,268	-	40,268
Net assets released from restrictions	33,984	(33,984)	-
Total revenues and other support	1,319,863	(6,984)	1,312,879
EXPENSES			
Program services	975,519	-	975,519
Management and general	239,314	-	239,314
Fundraising	181,951	-	181,951
Total expenses	1,396,784	-	1,396,784
CHANGE IN NET ASSETS	(76,921)	(6,984)	(83,905)
Net assets, beginning of year	2,999,274	10,000	3,009,274
Net assets, end of year	$ 2,922,353	$ 3,016	$ 2,925,369

PROJECT LAZARUS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and contracts	$ 576,352	$ 7,500	$ 583,852
Contributions of cash and other financial assets	204,951	-	204,951
Contributions of non-financial assets	281,058	-	281,058
Fundraising income	300,347	-	300,347
Program income	18,092	-	18,092
Dividends and interest	26,676	-	26,676
Realized and unrealized gain on investments, net	28,175	-	28,175
Net assets released from restrictions	46,984	(46,984)	-
Total revenues and other support	1,482,635	(39,484)	1,443,151
EXPENSES			
Program services	966,758	-	966,758
Management and general	244,773	-	244,773
Fundraising	171,900	-	171,900
Total expenses	1,383,431	-	1,383,431
CHANGE IN NET ASSETS	99,204	(39,484)	59,720
Net assets, beginning of year	2,900,070	49,484	2,949,554
Net assets, end of year	$ 2,999,274	$ 10,000	$ 3,009,274

PROJECT LAZARUS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Compensation	$ 392,994	$ 74,205	$ 71,652	$ 538,851
Employee benefits	41,130	11,016	11,245	63,391
Payroll taxes	33,365	6,641	6,083	46,089
Total compensation and related expenses	467,489	91,862	88,980	648,331
OTHER EXPENSES				
Accounting, auditing, payroll fees	6,221	38,435	452	45,108
Cleaning and waste removal	7,844	1,386	-	9,230
Consulting services	14,526	6,692	4,842	26,060
Contract services - program	9,551	-	-	9,551
Copier expense	1,538	1,538	-	3,076
Depreciation	38,488	6,803	-	45,291
Dues, memberships, online subscriptions	152	11,109	152	11,413
Fire alarm and monitoring	1,674	296	-	1,970
Fundraising expenses	-	-	86,776	86,776
Insurance	51,437	9,091	-	60,528
Miscellaneous expense	660	7,995	749	9,404
Occupancy	238,843	42,215	-	281,058
Pest control	2,846	503	-	3,349
Professional development, travel, meetings	1,124	1,129	-	2,253
Repairs and maintenance	31,036	5,486	-	36,522
Resident expenses	36,922	-	-	36,922
Small equipment and repairs	3,622	640	-	4,262
Supplies	2,660	3,729	-	6,389
Telephone and internet	9,901	1,750	-	11,651
Utilities	47,676	8,424	-	56,100
Website hosting and maintenance	1,309	231	-	1,540
Total expenses	$ 975,519	$ 239,314	$ 181,951	$ 1,396,784

PROJECT LAZARUS

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
COMPENSATION AND RELATED EXPENSES				
Compensation	$ 402,480	$ 65,564	$ 59,483	$ 527,527
Employee benefits	42,266	10,595	9,878	62,739
Payroll taxes	34,171	4,628	5,050	43,849
Total compensation and related expenses	478,917	80,787	74,411	634,115
OTHER EXPENSES				
Accounting, auditing, payroll fees	5,775	34,688	401	40,864
Cleaning and waste removal	8,498	1,502	-	10,000
Consulting services	2,430	27,851	-	30,281
Contract services - program	6,095	-	-	6,095
Copier expense	1,346	1,347	-	2,693
Depreciation	41,140	7,271	-	48,411
Dues, memberships, online subscriptions	155	10,343	155	10,653
Fire alarm and monitoring	1,249	221	-	1,470
Fundraising expenses	-	-	96,579	96,579
Insurance	39,884	7,049	-	46,933
Miscellaneous expense	620	9,273	354	10,247
Occupancy	238,843	42,215	-	281,058
Pest control	2,846	503	-	3,349
Professional development, travel, meetings	1,914	1,061	-	2,975
Repairs and maintenance	27,626	4,883	-	32,509
Resident expenses	38,313	-	-	38,313
Small equipment and repairs	6,900	1,220	-	8,120
Supplies	4,415	3,991	-	8,406
Telephone and internet	12,612	2,229	-	14,841
Utilities	46,105	8,149	-	54,254
Website hosting and maintenance	1,075	190	-	1,265
Total expenses	$ 966,758	$ 244,773	$ 171,900	$ 1,383,431

PROJECT LAZARUS

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (83,905)	$ 59,720
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	45,291	48,411
Realized and unrealized (gain) loss on investments	(41,514)	(29,640)
Changes in operating assets and liabilities:		
Grants receivable	94,634	(17,566)
Other assets	179	(123)
Accounts payable	(67,272)	67,845
Accrued expenses	(27,889)	27,081
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(80,476)	155,728
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(118,293)	(274,416)
Sales (purchases) of investments, net	(4,427)	(4,435)
NET CASH USED IN INVESTING ACTIVITIES	(122,720)	(278,851)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(203,196)	(123,123)
BEGINNING CASH AND CASH EQUIVALENTS	1,824,272	1,947,395
ENDING CASH AND CASH EQUIVALENTS	$ 1,621,076	$ 1,824,272

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest during the years ended June 30, 2024 and 2023 was $0.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The mission of Project Lazarus is to help, heal, and empower people living with HIV/AIDS by focusing on wellness, providing housing and offering important support services. Project Lazarus was formed in 1985 by members of the clergy and lay people in response to the alarming number of young men who were dying of AIDS and had nowhere to live their last days. The Organization was incorporated on January 28, 1988 as a Louisiana corporation. While being a program of the Archdiocese of New Orleans, Project Lazarus maintains its own tax-exempt nonprofit status and has served over 1,000 people in its history. Project Lazarus is the oldest and largest residential facility that provides assisted living to people with HIV/AIDS in the New Orleans Metropolitan Area. The agency, through its history, has acquired significant experience in the provision of housing and supportive services that equip people living with HIV/AIDS with the skills necessary to live a high-quality life and take advantage of the medical treatments available to significantly extend their longevity.

While the Organization's focus for many years was to provide a place for people with HIV/AIDS to die with dignity, Project Lazarus has evolved to keep track of the advances in medical treatment. This evolution is reflected in the increased number of services used to teach individuals how to live "in the positive." To meet the changing needs of the community and to empower participants to live healthy and independent lives, the Project Lazarus clinical program provides transitional housing and supportive services which include case management, medical case management and medication adherence, outpatient substance abuse treatment, individual and group therapies, pastoral counseling, and wellness/life-skills education. Other services include, but are not limited to, 24-hour assistance, nutritious meals, employment readiness training, and referrals.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Grants are recognized as revenues when the conditions of the grant are considered to have been met. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation (See NOTE 8).

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

> ***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. All donations and contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

> ***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors and grantors. Donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. There are no perpetual donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets in the reporting period in which the revenue is recognized.

In addition, the Organization is required to present a Statement of Cash Flows.

Donated Services

If received, donated services are reflected as "Contributions of non-financial assets" in the Statements of Activities and Changes in Net Assets at their estimated fair values at the date of receipt. Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The estimated value of these donated services and the corresponding expenses for the years ended June 30, 2024 and 2023 was $0. In addition, a number of volunteers have donated 543 and 674 hours to Project Lazarus's program and support services for the years ended June 30, 2024 and 2023, respectively. These donations are not reflected in the financial statements since these services do not require special expertise. The Organization did not monetize any contributed nonfinancial assets and contributed nonfinancial assets did not have donor restrictions.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated between program services, management and general, and fundraising expenses based on acceptable unit allocation techniques, such as relative cost proportionality and facility/space usage statistics. The major expenses that are allocated include the following:

Expenses	Method of Allocation
Compensation, payroll taxes, employee benefits	Time and effort
Occupancy	Square footage
Insurance	Square footage
Telephone and internet	Square footage
Depreciation and maintenance	Square footage
Utilities	Square footage

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, Project Lazarus considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash equivalents at June 30, 2024 and 2023 include funds on deposit in a pooled cash account at the Archdiocese of New Orleans in the amount of $1,112,705 and $1,285,802, respectively, which is not insured by the FDIC.

Grants Receivable

Grants receivable are comprised primarily of reimbursements from state and local governmental units. Due to reimbursements being due from state and local governmental units with minimal risks of nonpayment, all amounts due are generally considered collectible at June 30, 2024. Bad debt expense for the years ended June 30, 2024 and 2023 was $0.

Property and Equipment

Property and equipment are recorded at cost. Project Lazarus capitalizes all expenditures for leasehold improvements and equipment in excess of $5,000; the fair value of donated assets is similarly capitalized.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis upon the following estimated useful lives: furniture and equipment – 5 years and vehicles – 5 years. Leasehold improvements are amortized over the shorter of the life of the improvement (20 years) or the remaining term of the related lease. The lease ends October 31, 2029. (See NOTE 8).

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization operates as a non-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is subject to income tax only on unrelated business taxable income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained on examination. As of June 30, 2024, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2021 and later remain subject to examination by the taxing authorities. The June 30, 2024 return has not been filed as of the date of the Independent Auditors' Report.

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 the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Project Lazarus's estimates include those regarding the fair value of donated materials and services.

Concentrations

Project Lazarus participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Project Lazarus has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivables as of June 30, 2024 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs for refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Project Lazarus. Government grants represent approximately 47% and 44% of Project Lazarus's total revenue and other support for the years ended June 30, 2024 and 2023, respectively.

Project Lazarus maintains its cash in bank accounts, as well as deposits held by the Archdiocese of New Orleans, which at times may exceed federally insured limits. At June 30, 2024 and 2023 the total bank balances exceeding federal depository insurance limits were $1,063,448 and $1,573,450, respectively.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in securities with readily determinable fair values are recorded at fair value with gains, losses, and investment expenses included in the Statements of Activities and Changes in Net Assets.

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Organization's financial instruments are that the carrying amounts reported in the Statements of Financial Position are a reasonable estimate of fair value for the years ended June 30, 2024 and 2023.

Liquidity

Assets are presented in the accompanying Statements of Financial Position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Revenue Recognition – Contributions and Grants

A substantial amount of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Contributions are reported as increases in net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-02, Leases (Topic 842). Under this accounting standard, lessees are required to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability is equal to the present value of lease payments. The asset is based on the liability, subject to certain adjustments, such as for initial direct costs. For income statement purposes, a dual model was retained, requiring leases to be classified as either operating or financing leases. Operating leases result in straight-line expense (similar to operating leases under the prior accounting standard), while financing leases result in a front-loaded expense pattern (similar to capital leases under the prior accounting standard). The Organization adopted this new accounting standard on July 1, 2022. Adoption of this standard did not have a significant impact on the financial statements. See NOTE 8 for leasing arrangement that does not qualify under Topic 842.

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). Under this accounting standard, the incurred loss impairment methodology in current GAAP is replaced with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates The Organization adopted this new accounting standard on July 1, 2023. Adoption of this standard did not have a significant impact on the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Leasehold improvements	$ 2,427,654	$ 2,043,300
Furniture and equipment	167,751	158,076
Vehicles	58,584	58,584
Work in progress	-	275,736
	2,653,989	2,535,696
Less accumulated depreciation	(2,008,375)	(1,963,084)
Property and equipment, net	$ 645,614	$ 572,612

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were $3,016 and $10,000 at June 30, 2024 and 2023, respectively. The funds are restricted for program services, facility improvements, and professional development. There were no permanent restrictions on net assets at June 30, 2024 and 2023. Net assets released from restrictions during the years ended June 30, 2024 and 2023 amounted to $33,984 and $46,984, respectively.

NOTE 4 – INVESTMENTS

Investments totaling $490,600 and $444,659 at June 30, 2024 and 2023, respectively, are stated at fair value. Ownership units with a fair value of $269,312 and $242,408 at June 30, 2024 and 2023, respectively, are held by the Greater New Orleans Foundation for the benefit of the Organization. Ownership units with a fair value of $221,288 and $202,251 at June 30, 2024 and 2023, respectively, are held in the Archdiocesan investment pool at the Catholic Foundation for the benefit of the Organization. Realized and unrealized gains (losses) on investments are reported net of related investment expenses in the Statements of Activities and Changes in Net Assets. Realized and unrealized gain (loss), net consisted of the following at June 30, 2024 and 2023:

	2024	2023
Realized and unrealized gain (loss) on investments	$ 41,514	$ 29,640
Investment expenses	(1,246)	(1,465)
Realized and unrealized gain (loss) on investments, net	$ 40,268	$ 28,175

NOTE 5 – FAIR VALUE MEASUREMENTS

Under Financial Accounting Standards Board regulations, investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the Statements of Activities and Changes in Net Assets. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial Accounting Standards Board regulations establish a framework for measuring fair value.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's investments were measured using Level 2 inputs, on a recurring basis, at June 30, 2024 and 2023.

NOTE 6 – FUNDRAISING EXPENSES

Total fundraising expenses for the years ended June 30, 2024 and 2023 were $181,951 and $171,900 which represented 114% and 57% of annual fundraising revenue for the year, respectively. The ratio of expenses to amounts raised is computed using actual expenses and related contributions on an accrual basis.

NOTE 7 – EMPLOYEE RETIREMENT PLANS

The Organization offers a 401(k) retirement plan to its employees. Employees electing to participate in the plan are required to contribute a minimum of 3% of their salaries, and may elect to contribute up to a 75% maximum. The plan requires the Organization to contribute 3.5% of the participants' salaries. The retirement plan expense also includes an additional 2% contribution by the Organization to the Employee Benefit Plan to cover administrative costs and employee benefit costs including life insurance, disability insurance and other benefits. Any remaining funds from the additional 2% contribution may be used as a discretionary employer contribution to the plan. The plan administrator is the Archdiocese of New Orleans. The plan trustee is Voya. The Organization contributed $19,811 and $20,267 (retirement: $12,910 and $13,086, benefits: $6,901 and $7,181) for the years ended June 30, 2024 and 2023, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

Project Lazarus occupies five buildings owned by the Archdiocese of New Orleans. The building lease agreement was made in consideration of the activities being conducted on the leased premises, their benefit to the general public and persons afflicted with AIDS. The estimated fair market value of the lease is $281,058 annually. This benefit to Project Lazarus is recorded as "Occupancy" expense and corresponding "Contributions of non-financial assets," without donor restrictions, in the Statements of Activities and Changes in Net Assets. The current building lease agreement exists through October 31, 2029.

The Archdiocese of New Orleans, through the operations of its Administrative Offices, serves as a conduit in providing insurance coverage to Project Lazarus. The Administrative Office assesses premiums to Project Lazarus based on relevant factors for each type of coverage. The Organization paid the Archdiocese $80,648 and $56,536 for general liability, property coverage, workman's compensation, and vehicle insurances for the years ended June 30, 2024 and 2023, respectively.

In the normal course of operations, the Archdiocese will make available to Project Lazarus specific assistance in the form of internet services. The Organization does not pay the Archdiocese of New Orleans for internet services secured on its behalf.

NOTE 9 – ARCHDIOCESE OF NEW ORLEANS - REORGANIZATION

On May 1, 2020 the Archdiocese filed for reorganization under Chapter 11 of the Bankruptcy Code. The filing was precipitated by recurring historical operating losses and pressured operating cash flows for several years further compounded by financial challenges arising from COVID-19 restrictions, which began in March of 2020 and efforts to bring an equitable resolution to litigation stemming from alleged decades-old incidents of abuse by clergy and lay employees or volunteers. Project Lazarus is a separately incorporated 501(c)(3) and not a part of the debtor entity, as defined by the United States Bankruptcy Court pursuant to the Chapter 11 filing.

NOTE 9 – ARCHDIOCESE OF NEW ORLEANS - REORGANIZATION (Continued)

At present management is unaware of any abuse claims being asserted against Project Lazarus; however, abuse claims may be asserted against Project Lazarus in the future. As part of the Archdiocese's bankruptcy proceedings, Project Lazarus, as part of the non-Debtor Catholic entities affiliated with the Archdiocese, seek a channeling injunction to address both presently known abuse claims and future but currently unknown and unasserted claims of past abuse. To participate in the channeling injunction, a monetary contribution will be made to a settlement fund for both known and separately for those presently unknown claimants of past abuse. On September 13, 2024, the Archdiocese filed a Chapter 11 reorganization plan which includes $12,500,000 in proposed settlement consideration and a contribution of certain unidentified property from the non-debtor Catholic entities. This reorganization plan is subject to further negotiations and contingencies and approval by the bankruptcy court and other parties. The non-debtor Catholic entities have not yet made a determination of the allocation of this offer of settlement.

Project Lazarus is not able to estimate the impact that the Chapter 11 filing and the ultimate resolution of any abuse claims will have on its financial statement. Project Lazarus has not recorded any reserves in connection with the offer of settlement as it is unable to reasonably estimate the amount at this time.

As discussed in NOTE 1, Project Lazarus participates in the Archdiocese investment pool at the Archdiocese. Management has not established any reserves for any impact the bankruptcy proceedings could have on Project Lazarus' interest in these investments. However, management does not anticipate that the Organization will experience any restrictions on its interest in the pooled investments that are held with the Archdiocese for the centralized management in pooled accounts.

NOTE 10 – ECONOMIC DEPENDENCY

Project Lazarus receives a significant amount of its revenue from government grants that are passed through the City of New Orleans. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds Project Lazarus receives could be reduced significantly, and that would have an adverse impact on its operations.

NOTE 11 – LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2024 and 2023, the Organization had a working capital surplus of $1,785,155 and $1,988,003, respectively. Financial assets available for general expenditures within one year as of June 30, 2024 and 2023, consist of the following:

	2024	2023
Cash and cash equivalents	$ 1,621,076	$ 1,824,272
Grants receivable	213,342	307,976
Other	8,916	9,095
Investments – securities at fair value	490,600	444,659
Total Financial Assets	2,333,934	2,586,002
Less amounts not available to be used within one year:		
Other	8,916	9,095
Net assets with donor restrictions	3,016	10,000
Financial assets not available to be used within one year	11,932	19,095
Financial assets available to meet cash needs for general expenditures within one year	$ 2,322,002	$ 2,566,907

Other assets have been deemed to not likely be converted into cash within one year, and therefore, are not available to be used to satisfy general expenditures in the following year. Should the Organization have excess cash, the Organization would invest such cash into short-term investments.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. No material subsequent events have occurred since June 30, 2024, that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

KUSHNER
LAGRAIZE, LLC
CPAs & CONSULTANTS

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

The Board of Directors of Project Lazarus
New Orleans, 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 Project Lazarus (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 December 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Lazarus'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 Project Lazarus's internal control. Accordingly, we do not express an opinion on the effectiveness of Project Lazarus'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 16, 2024

PROJECT LAZARUS
SCHEDULE OF FINDINGS
Year Ended June 30, 2024

1. SUMMARY OF AUDITORS' RESULTS

   a. The type of report issued on the financial statements: Unmodified opinion.

   b. Significant deficiencies in internal controls were disclosed by the audit of the financial statements: None reported. Material weaknesses: None.

   c. Noncompliance which is material to the financial statements: None.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

   None.

PROJECT LAZARUS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2024

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

PROJECT LAZARUS

SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2024

Agency Head: Susanne B. Dietzel, Ph.D., Executive Director (through March 28, 2024)

Salary	$	38,434
401(k)		1,306
Total	$	39,740

Agency Head: Michael Hickerson, Interim Executive Director (April 1, 2024 through June 30, 2024)

Contract labor	$	24,210
Reimbursements		50
Total	$	24,260

KUSHNER
LAGRAIZE, LLC
CPAs & CONSULTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Mr. Danny Akers 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. Project Lazarus' management is responsible for those C/C areas identified in the SAUPs.

Project Lazarus 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:

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.

      We obtained the Organization's policies on budgeting and noted no exceptions with regards to the preparation, adoption, and monitoring of the budget. However, the Organization does not have specific policies for amending the budget as they do not typically amend 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.

      We obtained the Organization's written policies and procedures on purchasing and noted no exceptions.

c) ***Disbursements***, including processing, reviewing, and approving.

We obtained the Organization's written policies and procedures on disbursements and noted no exceptions.

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).

We obtained the Organization's written policies and procedures on receipts/collections and noted no exceptions.

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(s) rate of pay or approval and maintenance of pay rate schedules.

We obtained the Organization's written policies and procedures on payroll/personnel and noted no exceptions.

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.

We obtained the Organization's written policies and procedures on contracting and noted no exceptions regarding the types of services requiring written contracts, standard terms and conditions, approval process, and monitoring process. However, we noted no policies regarding legal review of contracts, other than lease agreements the Organization enters into.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

We obtained the Organization's written policies and procedures on credit cards and noted no exceptions.

h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We obtained the Organization's written policies and procedures on travel and expense reimbursement and noted no exceptions.

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.

As the Organization is a nonprofit, this section is not applicable to this Organization.

j) **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 this Organization.

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.

We obtained the Organization's written policies and procedures on information technology disaster recovery/business continuity and noted no exceptions.

l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

A private nonprofit Organization that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law per the Louisiana Legislative Auditor.

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:

a) 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.

The Organization's Board of Directors met quarterly, with a quorum present at each meeting, without exception. We noted that the Board met 12 times throughout the year.

b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

Noted the minutes referenced or included the budget-to-actual comparisons mentioned, without exception.

c) 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 is not applicable, as the Organization is a nonprofit.

d) 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.

N/A – noted no audit findings in prior year.

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:

   a) 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);

   Bank reconciliations included evidence that they were prepared within 2 months of the statement closing date, without exception.

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

   Noted proper segregation of duties for the responsibilities listed above and evidence that all reconciliations were approved by management within 1 month of the date the reconciliation was prepared, without exception.

c) 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.

This is not applicable, as no outstanding items greater than 12 months identified.

Collections (excluding electronic funds transfers)

4. 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 listing of deposit sites for the fiscal period and management's representation that the listing is complete, without exception.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees responsible for cash collections do not share cash drawers/registers.

   Noted proper segregation of duties for the responsibilities listed above, without exception.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

   Noted proper segregation of duties for the responsibilities listed above, without exception.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   Noted proper segregation of duties for the responsibilities listed above, without exception.

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

   Noted proper segregation of duties for the responsibilities listed above, without exception.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

   Observed insurance policy covering all applicable employees, without exception.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      Due to the small volume of cash collections received, the Organization does not utilize a system of sequentially pre-numbered receipts for their collections.

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

      For all deposits examined, traced each to the deposit slip, without exception.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      For all deposits examined, traced each to the bank statement, without exception.

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

      Of those selected, deposit was made within a reasonable period of time and in accordance with the entity's policies and procedures, without exception.

   e) Trace the actual deposit per the bank statement to the general ledger.

      For all deposits examined, traced each from the bank statements to recording in the general ledger, without exception.

Non-Payroll Disbursements (excluding card purchases/payments, 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).

   Obtained listing of locations that process payments for the fiscal period and management's representation that the listing is complete, without exception.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

      Noted proper segregation of duties for the responsibilities listed above, without exception.

   b) At least two employees are involved in processing and approving payments to vendors.

      Noted proper segregation of duties for the responsibilities listed above, without exception.

   c) 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.

      Noted proper segregation of duties for the responsibilities listed above, without exception.

   d) 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.

      Noted proper segregation of duties for the responsibilities listed above, without exception.

   e) 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.

      Noted proper segregation of duties for the responsibilities listed above, without exception.

10. For each location selected under #8 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:

   a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

      Examined 5 disbursements noting each matched the original invoice, without exception.

   b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

      Noted proper segregation of duties for each of the disbursements examined, without exception.

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.

   All electronic disbursements examined included proper approval and number of authorized signers, without exception.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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 complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.

13. 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.

       Noted each statement examined showed evidence of review and approval by appropriate personnel, without exception.

    b) Observe that finance charges and late fees were not assessed on the selected statements.

       Per review of the credit card statements, observed no finance charges on the statements tested, without exception.

14. Using the monthly statements or combined statements selected under #13 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should

describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

For all transaction examined, noted each was supported by the proper documentation as noted above, without exception.

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

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

    Obtained listing of all travel and travel-related expense reimbursements for 2024 and management's representation that the list is complete

    a) If reimbursed using a per diem, observe 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).

    Per review of the reimbursements tested, we noted the mileage rates used agreed with Project Lazarus' policies and the Louisiana State rates, without exception.

    b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

    Per review of the reimbursements tested, we noted all mileage was supported by detail of the actual mileage driven, without exception.

    c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

    All disbursements examined were supported by documentation of the business/public purpose and other documentation required by written policy, without exception.

    d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

    All disbursements examined were reviewed and approved, in writing, by someone other than the person receiving the reimbursement, without exception.

Contracts

16. 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:

    a) 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.

       This item is not applicable, as the Organization is a nonprofit that is not utilizing public funds for contracts.

    b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

       This is not applicable, as the Organization is not required to have contracts approved by the governing board by policy or law.

    c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

       This is not applicable, as none of the selected contracts were amended.

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

       Examined one payment for each contract tested noting all were in accordance with the contract, without exception.

Payroll and Personnel

17. 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 complete listing of all employees employed during the fiscal period and management's representation that the listing is complete, without exception.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

       Noted each employee tested documented their daily attendance and leave, without exception.

    b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

       Noted all attendance and leave taken was approved by the employees' supervisor, without exception.

    c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

       Noted all leave accrued or taken was properly reflected in the Organization's cumulative records, without exception.

    d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

       Noted authorized salary/pay rate for each individual tested agreed to their personnel file, without exception.

19. 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

    Examined 2 employees who received a termination payment during the period, noting it was in accordance with the Organization's policies, agreed to the cumulative leave records, and was agreed to the employee's authorized salary/pay rate, without exception.

20. 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.

    Per discussion with management, all employer and employee portions of third-party payroll related amounts have been properly paid and forms filed by the required deadline.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above· obtain ethics documentation from management, and:

    a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

       This is not applicable, as the Organization is a nonprofit.

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

       This is not applicable, as the Organization is a nonprofit.

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

    This is not applicable, as the Organization is a nonprofit.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

    This is not applicable, as the Organization issued no debt during the period.

24. 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).

    This is not applicable, as the Organization has no outstanding debt at the end of the period.

Fraud Notice

25. 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.

This is not applicable, as no listing was available because there were no instances of misappropriations of public funds and assets during the fiscal period without exception.

26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Observed required notice on the Organization's website and premises, without exception.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

    a) 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 procedures and discussed the results with management.

    b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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 procedures and discussed the results with management.

    c) 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 procedures and discussed the results with management.

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

    Obtained a listing of all terminated employees and management's representation that the listing is complete. Observed that all employees were removed or disabled from the network, without exception.

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe cybersecurity training 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.

    N/A – attribute not applicable for nonprofit organizations

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

    This is not applicable, as a private nonprofit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law per the Louisiana Legislative Auditor. Additionally, per review of various federal and state grant agreements, this is not required as part of an agreement to receive public funds.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

    This is not applicable, as a private nonprofit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law per the Louisiana Legislative Auditor. Additionally, per review of various federal and state grant agreements, this is not required as part of an agreement to receive public funds.

28. 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 it includes the applicable requirements of R.S. 42:344:

    a) Number and percentage of public servants in the agency who have completed the training requirements;
    b) Number of sexual harassment complaints received by the agency;
    c) Number of complaints which resulted in a finding that sexual harassment occurred;
    d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
    e) Amount of time it took to resolve each complaint.

This is not applicable, as a private nonprofit that is subject to audit by virtue of the receipt of public funds does not appear to be subject to the sexual harassment law per the Louisiana Legislative Auditor. Additionally, per review of various federal and state grant agreements, this is not required as part of an agreement to receive public funds.

We were engaged by Project Lazarus 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

his 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.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 16, 2024