
METANOIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

METANOIA, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



To the Board of Directors of Metanoia, Inc.
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Metanoia, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metanoia, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metanoia, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Metanoia, Inc.'s ability to continue as a going concern within one year after the date 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 opinions. 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 Metanoia Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Metanoia Inc.'s ability to continue as a going concern for a reasonable period of time.

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

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 on page 15 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of Metanoia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 Metanoia, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metanoia, Inc.'s internal control over financial reporting and compliance.


Gonzales, Louisiana
June 27, 2022

METANOIA, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>ASSETS</u>	2021	2020
		<u> </u>	<u>Restated</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents		\$ 679,000	\$ 782,989
Contribution receivables		75,192	-
Receivables		156,234	298,374
Prepaid expenses		21,507	20,816
Total current assets		<u>931,933</u>	<u>1,102,179</u>
<u>PROPERTY AND EQUIPMENT, net</u>		<u>1,797,305</u>	<u>1,840,630</u>
TOTAL ASSETS		<u>\$ 2,729,238</u>	<u>\$ 2,942,809</u>
	<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>			
Accounts payable		\$ 6,747	\$ 8,050
Accrued expenses		16,517	22,010
TOTAL LIABILITIES		<u>23,264</u>	<u>30,060</u>
<u>NET ASSETS</u>			
With donor restrictions		-	88
Without donor restrictions		2,705,974	2,912,661
TOTAL NET ASSETS		<u>2,705,974</u>	<u>2,912,749</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 2,729,238</u>	<u>\$ 2,942,809</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

OPERATING ACTIVITIES	Without Donor	With Donor	Total
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u> </u>
Contributions	\$ 304,283	\$ -	\$ 304,283
Contributions- donation in-kind	11,974	-	11,974
Contributions- special events	57,000	-	57,000
Federal grant revenue	359,382	-	359,382
Other income	4,729	-	4,729
Net assets released from restrictions	88	(88)	-
Total revenues, gains, and other support	<u>737,456</u>	<u>(88)</u>	<u>737,368</u>
<u>EXPENSES</u>			
Program	688,014	-	688,014
Supporting services:			
Management and general	<u>256,129</u>	-	<u>256,129</u>
Total expenses	<u>944,143</u>	-	<u>944,143</u>
Change in net assets	(206,687)	(88)	(206,775)
NET ASSETS AT BEGINNING OF YEAR, restated	2,912,661	88	2,912,749
NET ASSETS AT END OF YEAR	<u>\$ 2,705,974</u>	<u>\$ -</u>	<u>\$ 2,705,974</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

OPERATING ACTIVITIES	Without Donor Restrictions Restated	With Donor Restrictions	Total
<u>REVENUES, GAINS, AND OTHER SUPPORT</u>			
Contributions	\$ 345,888	\$ 2,000	\$ 347,888
Contributions- donation in-kind	44,810	-	44,810
Federal grant revenue	570,510	-	570,510
Other income	9,160	-	9,160
Net assets released from restrictions	3,541	(3,541)	-
Total revenues, gains, and other support	<u>973,909</u>	<u>(1,541)</u>	<u>972,368</u>
<u>EXPENSES</u>			
Program	653,719	-	653,719
Supporting services:			
Management and general	<u>170,380</u>	<u>-</u>	<u>170,380</u>
Total expenses	<u>824,099</u>	<u>-</u>	<u>824,099</u>
Change in net assets	149,810	(1,541)	148,269
NET ASSETS AT BEGINNING OF YEAR	<u>2,762,851</u>	<u>1,629</u>	<u>2,764,480</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,912,661</u>	<u>\$ 88</u>	<u>\$ 2,912,749</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expense</u>
Salaries and Benefits	\$ 131,378	\$ 103,225	\$ -	\$ 234,603
Bank Charges and Fees	141	111	-	252
Building Facilities	8,878	6,976	-	15,854
Business Expenses	1,676	1,316	-	2,992
Contract Services	254,452	-	-	254,452
Depreciation	40,914	32,147	-	73,061
Dues and Subscriptions	1,660	1,305	-	2,965
Insurance	59,599	46,827	-	106,426
Medical	359	282	-	641
Miscellaneous	1,546	1,215	-	2,761
Office Expense	5,749	4,517	-	10,266
Professional Fees	8,273	6,501	-	14,774
Printing and Postage	540	424	-	964
Repairs and Maintenance	2,162	1,699	-	3,861
Resident Expenses	10,256	8,058	-	18,314
Security	3,369	2,647	-	6,016
Supplies	22,226	17,464	-	39,690
Telephone Expense	7,360	5,782	-	13,142
Training	107,580	-	-	107,580
Auto and Travel Expenses	10,255	8,057	-	18,312
Utilities Expense	9,642	7,575	-	17,217
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Total expenses	<u>\$ 688,014</u>	<u>\$ 256,129</u>	<u>\$ -</u>	<u>\$ 944,143</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program	Management and General	Fundraising	Total Expense
Salaries and Benefits	\$ 172,164	\$ 66,953	\$ -	\$ 239,117
Bank Charges and Fees	2,364	920	-	3,284
Building Facilities	22,797	8,865	-	31,662
Business Expenses	6,838	2,659	-	9,497
Contract Services	215,052	-	-	215,052
Depreciation	51,764	20,131	-	71,895
Dues and Subscriptions	528	205	-	733
Grant Expenses	548	-	-	548
Insurance	60,985	23,717	-	84,702
Miscellaneous	2,208	859	-	3,067
Office Expense	6,546	2,546	-	9,092
Professional Fees	33,127	12,883	-	46,010
Printing and Postage	2,406	935	-	3,341
Repairs and Maintenance	2,345	912	-	3,257
Resident Expenses	22,517	8,757	-	31,274
Security	3,293	1,281	-	4,574
Supplies	15,224	5,921	-	21,145
Telephone Expense	11,701	4,550	-	16,251
Auto and Travel Expenses	11,498	4,472	-	15,970
Utilities Expense	9,812	3,816	-	13,628
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Total expenses	\$ 653,719	\$ 170,380	\$ -	\$ 824,099

The accompanying notes are an integral part of these statements.

METANOIA, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u> <u>Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (206,775)	\$ 148,269
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	73,061	71,895
Decrease (increase) in receivables	66,948	(33,583)
Increase in prepaid expenses	(691)	(974)
Decrease in accounts payable	(1,303)	(11,537)
(Decrease) Increase in accrued expenses	(5,493)	15,911
Net cash (used in) provided by operating activities	<u>(74,253)</u>	<u>189,981</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and construction in progress	<u>(29,736)</u>	<u>(89,326)</u>
Net cash used in investing activities	<u>(29,736)</u>	<u>(89,326)</u>
Net (decrease) increase in cash and cash equivalents	(103,989)	100,655
Cash and cash equivalents, beginning of year	782,989	682,334
Cash and cash equivalents, end of year	<u>\$ 679,000</u>	<u>\$ 782,989</u>

The accompanying notes are an integral part of these statements.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Purpose

Metanoia, Inc. is a non-profit corporation which was organized to deliver a model program of recovery and rehabilitation for female youth victims of human sex trafficking. The decision-making body consists of 15 members who serve as the board of directors.

Basis of presentation – The financial statements of Metanoia, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Metanoia, Inc. 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 Metanoia, Inc. These net assets may be used at the discretion of Metanoia Inc.'s management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue recognition – Metanoia, Inc. recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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. There were not any conditional promises to give as of December 31, 2021 and 2020.

A portion of Metanoia, Inc.'s revenue is derived from cost-reimbursable federal 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 Metanoia, Inc. has incurred expenditures in compliance with specific contract or grant provisions.

Metanoia, Inc. has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of Metanoia, Inc.'s financial reporting.

Metanoia, Inc. records special events revenue equal to the fair value of direct benefit to donors, and contribution income for the excess received when the event takes place.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Metanoia, Inc. has adopted Accounting Standards Update (ASU) No. 2014-09- Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of Metanoia, Inc.'s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way Metanoia, Inc. recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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

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

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

Contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. At December 31, 2021 and 2020, contributions receivable is \$75,192 and \$0; respectively.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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

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

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

In-kind donations – Metanoia, Inc. received donated professional services of \$11,974 and \$44,810 for the years ended December 31, 2021 and 2020, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Functional expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

All expenses were allocated based on time and effort.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes – Metanoia, Inc. is exempt from income tax under Section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Metanoia, Inc. has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Donors of money or property, or both, are entitled to the maximum charitable contribution deduction allowed by law. Management is unaware of any tax positions that would have a significant impact on its financial position.

Commitments and contingencies – Metanoia, Inc. participates in a federal grant program, which is governed by various rules and regulations of the grantor agency. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that Metanoia, Inc. has not complied with rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with rules and regulations governing the grant.

Reclassification – Certain prior year amounts have been reclassified to conform to the current presentation.

2. Availability and Liquidity

The following represents Metanoia, Inc.'s financial assets at December 31:

	<u>2021</u>	<u>2020</u> <u>Restated</u>
Financial assets at year-end:		
Cash	\$679,000	\$782,989
Contribution receivable	75,192	-
Grant receivables	<u>156,234</u>	<u>298,374</u>
Total financial assets	<u>\$910,426</u>	<u>\$1,081,363</u>

3. Risk Management

Metanoia, Inc. is exposed to various risks of loss to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Metanoia, Inc. has purchased commercial insurance to reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage. No settlements were made during the year that exceeded Metanoia's coverage.

METANOIA, INC.

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment, net consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 120,781	\$ 120,781
Building and improvements	1,852,397	1,832,242
Construction in progress	<u>93,040</u>	<u>83,460</u>
	2,066,218	2,036,483
Less: accumulated depreciation	<u>(268,913)</u>	<u>(195,853)</u>
Property and equipment, net	<u>\$1,797,305</u>	<u>\$1,840,630</u>

Depreciation expense related to the property and equipment in service was \$73,061 and \$71,895 for the years ended December 31, 2021 and 2020; respectively.

5. Correction of an Error

In the 2020 statements of financial position and activities, changes were made to reflect a correction of an error in recording revenue in the amount of \$161,991. To reflect the actual balance in revenue, cash and net assets without donor restrictions were also increased by this amount.

Revenue at December 31, 2020	\$ 183,897
Cash Adjustment	<u>161,991</u>
Revenue at December 31, 2020 as restated	<u>\$ 345,888</u>

6. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 27, 2022, and determined that there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

METANOIA, INC.

**SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
YEAR ENDED DECEMBER 31, 2021**

Agency Head: Michael Ranatza, Board President

Purpose	Amount
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other (dental)	-
Benefits - other (GTL)	-
Dues	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
	<u>\$ -</u>

Note: Michael Ranatza provides oversight as chairman of the Board. He does not receive any compensation, benefits and other payments from Metanoia, Inc.



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

To the Board of Directors of Metanoia, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Metanoia, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements 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 27, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and thereto, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metanoia, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. 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*.

Metanoia, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Metanoia Inc.'s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Metanoia, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Diez, Dupuy & Ruiz
Gonzales, Louisiana
June 27, 2022

METANOIA, INC.
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDIT RESULTS

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

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weaknesses:

2021-001 Internal Control over General Ledger Reconciling and Reviewing

Criteria: Internal Controls should be in place to provide for the timely reconciliation of all bank account balances and to ensure all account activity is properly recorded in the general ledger and reviewed timely.

Condition: There are three bank accounts that were not reconciled and recorded on the general ledger.

Cause: Accounting functions are not at one centralized location and internal control procedures were not in place to ensure all financial activity is captured in the general ledger.

Effect: Financial statements were not accurate and material adjusting entries had to be made during the audit to balance accounts to the general ledger.

Recommendation: All bank transactions should be recorded, reconciled and reviewed in a timely manner on a monthly basis. Additionally, all accounting functions should be centralized at one location and procedures should be implemented to ensure accurate financial statements are being prepared.

Management's Corrective Action Plan: Management plans to move all accounting functions to one centralized location and procedures will be implemented to ensure there is adequate oversight over the entity's general ledger reconciling and review process.

METANOIA, INC.
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT (continued)

2021-002 SUPPORTING DOCUMENTATION

Criteria: Internal controls should be designed to ensure reliable records are maintained to provide evidence that financial statements are accurate.

Condition: There are inadequate controls over the maintenance of invoices and/or supporting documentation. Numerous transactions tested lacked supporting documentation for cash receipts and disbursements.

Cause: Accounting records are not located in one centralized location and there are not any procedures or policies in place over the maintenance of recordkeeping.

Effect: Lack of adequate systems, policies and procedures to control operating expenses and receipts creates the potential for errors, fraud, waste or abuse to occur and not be detected and corrected in a timely manner.

Recommendation: The entity should establish policies and procedures to ensure that all expenses and receipts have valid supporting documentation retained in the accounting records.

Management's Corrective Action Plan: Management is aware that documentation was not maintained. Going forward, procedures and policies will be put in place to ensure adequate records and supporting documentation will be maintained and stored at one centralized location.

FINDINGS – COMPLIANCE

NONE NOTED

METANOIA, INC.
SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

NONE NOTED

FINDINGS – COMPLIANCE

NONE NOTED

METANOIA, INC.

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of Metanoia, 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, 2021 through December 31, 2021. Metanoia, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Metanoia, 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, 2021 through December 31, 2021. 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 entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No policy was provided.
 - 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.
No policy was provided.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No policy was provided.
 - 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).
No policy was provided.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (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.
No policy was provided.

- 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.

Written policies and procedures were obtained and address the functions noted above.

- 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 the statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No policy was provided.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

This section is not applicable to a non-profit 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 a non-profit 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.

No policy was provided.

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

This section is not applicable to a non-profit organization.

Management's response: We will adopt policies for those mentioned above as deemed applicable.

Board (or Finance Committee, if applicable)

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 Board met with a quorum as required.

- b) For those entities reporting on the governmental accounting model, observe that 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. *Alternately, for those entities reporting on the nonprofit 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.*

The minutes documented the Board's review of financial activity of the entity.

- 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.

Not applicable.

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:

Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Obtained bank reconciliations for the month selected noting that three accounts did not have reconciliations prepared. One account included evidence that bank reconciliation was prepared within 2 months.

- 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 (e.g., initialed and dated, electronically logged); and

Obtained bank reconciliations for the month selected noting that three accounts did not have reconciliations prepared or evidence that a member of management reviewed each bank reconciliation. One account included evidence of review.

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

Obtained bank reconciliations for the month selected noting that three accounts did not have reconciliations prepared or documentation of outstanding items. One account did not have any outstanding items over 12 months.

Management's response: Bank reconciliations will be performed for all cash accounts within 2 months of the related closing date. Members of the finance committee currently review the bank statement and monthly financials. Going forward, a member of the finance committee will initial the reconciliations to provide evidence of the review.

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 a listing of deposit sites and management's representation that listing is complete.

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:

Obtained a listing of collection locations and management's representation that listing is complete.

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

No exceptions noted.

- 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.

Employees responsible for collecting cash are also responsible for preparing/making the bank deposit.

- 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.

Employees responsible for collecting cash also post entries to the general ledger.

- 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 verifies the reconciliation.

Employees responsible for reconciling cash collections to the general ledger also collect cash.

Management's response: Due to the limited number of resources available, Metanoia is unable to adequately segregate these duties. The finance committee will continue to provide oversight over the collections process.

6. 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 enforced during the fiscal period.

No exceptions noted.

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). *Alternately, 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:

- a) Observe that receipts are sequentially pre-numbered.

Sequentially pre-numbered receipts were not used.

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

No exceptions noted for one bank account. Three bank accounts did not have supporting documentation for deposits.

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

No exceptions noted for one bank account. Three bank accounts did not have supporting documentation for deposits.

- d) 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).

Deposits were made not made within one day of receipt for one bank account. Three bank accounts did not have supporting documentation for deposits.

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

No exceptions noted for one bank account. Three bank accounts did not have supporting documentation for deposits.

Management's response: Proper supporting documentation will be maintained for deposits for all bank accounts. Date of collection will be marked on check receipts and we will make deposits within one day of collection as deemed practical.

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 and management's representation that listing is complete.

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.

No exceptions noted.

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

No exceptions noted.

- 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.

The person responsible for processing payments is not prohibited from adding/modifying vendor files and there is no evidence that another employee is responsible for periodically reviewing changes to vendor files.

Management's response: Members of the finance committee have the overall responsibility for reviewing transactions prior to signing the checks in efforts to mitigate the risk associated with the limited number of individuals involved with adding new vendors. However, management will develop a process to have a member of the finance committee periodically review the new vendor list.

- 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.

The employee who processes payments also mails the checks after signatures are obtained.

Management's response: Due to the limited number of resources available, Metanoia, Inc. is unable to adequately segregate these duties. Invoices are approved by members of the finance committee while

signing checks. The individual responsible for processing checks for payment and for mailing checks is not an authorized signor; however, the checks are returned to the employee to mail. In addition, the finance committee reviews monthly financial statements as well as bank statements in efforts to mitigate risk associated with the lack of segregation of duties related to this function.

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 that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Observed the disbursement matched the related original itemized invoice and that deliverables were received by the entity for one location. Supporting documentation for one location was not provided.

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

The disbursement documentation included evidence of segregation of duties tested under #9 with the exception of 9c and 9d as noted above for one location. Supporting documentation for one location was not provided.

Management's response: Proper supporting documentation will be maintained for disbursements for all transactions at each location.

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

11. 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 listing of the credit cards and management's representation that listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions noted.

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

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Of the items selected for testing, one transaction did not have an original itemized receipt, one transaction did not have documentation of business/public purpose, and one transaction did not have documentation of the individuals participating in meals.

Management's response: Documentation will be maintained to support item, business/public purpose and individuals participating in meals.

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

14. 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 travel and related expense reimbursements and management's representation that listing is complete.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No supporting documentation for reimbursements provided.

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

No supporting documentation for reimbursements provided.

- c) 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 policy (procedure #1h).

Documentation of business/public purpose was included on copy of cancelled check.

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

Two transactions did not have documentation of review or approval by someone other than person receiving the reimbursement.

Management's response: Going forward, supporting documentation will be retained for reimbursements and reimbursements will be reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained listing of contracts initiated or renewed during the fiscal period and management's representation that listing is complete.

- 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.

No exceptions noted.

- 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).

Not applicable.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Not applicable.

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

16. 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 listing of employees and management's representation that listing was complete. Agreed paid salaries to authorized salaries/pay rates in the personnel file without exception.

17. 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 that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

18. 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.

No termination payments for the fiscal year.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 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.

Not applicable.

- 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.

Not applicable.

Debt Service

21. 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.

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

Fraud Notice

23. 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.

Management asserted that the entity did not have any misappropriations of public funds or assets.

24. 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. 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 no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure 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 procedure 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 procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, 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.

Not applicable.

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

Not applicable.

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 that 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;

Not applicable.

- b. Number of sexual harassment complaints received by the agency;

Not applicable.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- e. Amount of time it took to resolve each complaint.

Not applicable.

We were engaged by Metanoia, 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 Metanoia, 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.



Gonzales, Louisiana
June 27, 2022