

LOUISIANA PAROLE PROJECT, INC.

DECEMBER 31, 2025 AND 2024

BATON ROUGE, LOUISIANA

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Independent Auditor's Report

To the Board of Directors
Louisiana Parole Project, Inc.
Baton Rouge, Louisiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Parole Project, Inc. (the Organization), (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Respectfully submitted,

Hannis T. Bourgeois, CPA

Baton Rouge, Louisiana
June 29, 2026

LOUISIANA PAROLE PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2025 AND 2024

	<u>ASSETS</u>	
	2025	2024
Current Assets:		
Cash and Cash Equivalents	\$ 870,675	\$ 1,586,505
Grants Receivable	271,593	90,092
Prepaid Expenses and Asset Deposit	39,968	44,045
Total Current Assets	1,182,236	1,720,642
Right of Use Asset - Operating Lease	499,169	295,943
Property and Equipment, Net	3,336,922	2,612,061
Total Assets	\$ 5,018,327	\$ 4,628,646
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 8,306	\$ 18,504
Tenant Deposit Payable	10,775	7,850
Accrued Expenses	36,849	31,212
Current Portion of Operating Lease Liability	99,748	107,549
Total Current Liabilities	155,678	165,115
Operating Lease Liability	399,421	188,394
Net Assets:		
Without Donor Restrictions	4,261,894	3,837,200
With Donor Restrictions	201,334	437,937
Total Net Assets	4,463,228	4,275,137
Total Liabilities and Net Assets	\$ 5,018,327	\$ 4,628,646

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 643,081	\$ 85,000	\$ 728,081
Grants	178,099	2,080,293	2,258,392
Fundraising	171,672	-	171,672
Lease Income	251,050	-	251,050
Fees for Services	21,800	-	21,800
	1,265,702	2,165,293	3,430,995
Net Assets Released From Restriction	2,401,896	(2,401,896)	-
Total Revenues and Other Support	3,667,598	(236,603)	3,430,995
Expenses:			
Program Expenses	2,861,207	-	2,861,207
Supporting Services:			
Fundraising	95,663	-	95,663
General and Administrative	348,546	-	348,546
Total Expenses	3,305,416	-	3,305,416
Other Income:			
Dividends and Interest	62,605	-	62,605
Gain (Loss) on Sale of Assets	(93)	-	(93)
	62,512	-	62,512
Change in Net Assets	424,694	(236,603)	188,091
Net Assets - Beginning of Year	3,837,200	437,937	4,275,137
Net Assets - End of Year	\$ 4,261,894	\$ 201,334	\$ 4,463,228

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 345,186	\$ 50,000	\$ 395,186
Grants	685,595	2,035,544	2,721,139
Fundraising	201,766	-	201,766
Lease Income	190,475	-	190,475
Fees for Services	45,533	-	45,533
	1,468,555	2,085,544	3,554,099
Net Assets Released From Restriction	1,727,607	(1,727,607)	-
Total Revenues and Other Support	3,196,162	357,937	3,554,099
Expenses:			
Program Expenses	2,501,485	-	2,501,485
Supporting Services:			
Fundraising	77,255	-	77,255
General and Administrative	291,709	-	291,709
Total Expenses	2,870,449	-	2,870,449
Other Income:			
Dividends and Interest	74,917	-	74,917
	74,917	-	74,917
Change in Net Assets	400,630	357,937	758,567
Net Assets - Beginning of Year	3,436,570	80,000	3,516,570
Net Assets - End of Year	\$ 3,837,200	\$ 437,937	\$ 4,275,137

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

		<u>Supporting Services</u>		
	<u>Program Expenses</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and Wages	\$ 1,455,861	\$ 34,256	\$ 222,661	\$ 1,712,778
Payroll Taxes	111,005	2,612	16,977	130,594
Employee Benefits	226,715	5,334	34,674	266,723
Advertising	17,569	-	1,952	19,521
Bank Fees	-	-	2,505	2,505
Legal and Professional Fees	82,319	-	9,147	91,466
Office Expenses	55,503	-	6,167	61,670
Rental Housing	94,749	-	-	94,749
Transitional Housing	90,745	-	-	90,745
Meetings and Events	-	53,461	-	53,461
Client Expenses	173,191	-	-	173,191
Lease Expense	120,960	-	13,440	134,400
Property Taxes	3,400	-	-	3,400
Insurance	113,788	-	12,643	126,431
Meals and Entertainment	26,925	-	2,992	29,917
Auto Expense	56,483	-	6,277	62,760
Depreciation	132,317	-	14,702	147,019
Travel	39,677	-	4,409	44,086
Impacted Fellowship Stipends	60,000	-	-	60,000
Total Expenses	<u>\$ 2,861,207</u>	<u>\$ 95,663</u>	<u>\$ 348,546</u>	<u>\$ 3,305,416</u>

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Expenses	Supporting Services		Total Expenses
		Fundraising	General and Administrative	
Salaries and Wages	\$ 1,344,603	\$ 31,270	\$ 187,619	\$ 1,563,492
Payroll Taxes	102,467	2,383	14,298	119,148
Employee Benefits	199,724	4,645	27,868	232,237
Advertising	16,700	-	1,855	18,555
Bank Fees	-	-	2,451	2,451
Legal and Professional Fees	55,123	-	6,125	61,248
Office Expenses	46,452	-	5,161	51,613
Rental Housing	71,565	-	-	71,565
Transitional Housing	76,580	-	-	76,580
Meetings and Events	-	38,957	-	38,957
Client Expenses	167,865	-	-	167,865
Lease Expense	115,515	-	12,835	128,350
Property Taxes	3,426	-	-	3,426
Insurance	84,201	-	9,356	93,557
Meals and Entertainment	22,343	-	2,482	24,825
Auto Expense	57,362	-	6,374	63,736
Depreciation	103,370	-	11,486	114,856
Travel	34,189	-	3,799	37,988
Total Expenses	<u>\$ 2,501,485</u>	<u>\$ 77,255</u>	<u>\$ 291,709</u>	<u>\$ 2,870,449</u>

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

LOUISIANA PAROLE PROJECT, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 188,091	\$ 758,567
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	147,019	114,856
(Gain) Loss on Disposals of Property and Equipment	93	-
Amortization - Right of Use Asset	116,400	98,800
Changes in Assets and Liabilities:		
(Increase) Decrease in Grants Receivable	(181,501)	126,761
(Increase) Decrease in Prepaid Expenses and Asset Deposit	4,077	(17,016)
Increase (Decrease) in Accounts Payable	(10,198)	5,239
Increase (Decrease) in Accrued Expenses	5,637	1,533
Increase (Decrease) in Tenant Deposit Payable	2,925	925
Increase (Decrease) in Deferred Revenue	-	(5,833)
Increase (Decrease) in Operating Lease Liability	(116,400)	(98,800)
Net Cash Provided by Operating Activities	156,143	985,032
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	(888,576)	(606,498)
Proceeds from Sales of Property and Equipment	16,603	-
Net Cash Used In Investing Activities	(871,973)	(606,498)
Net Increase (Decrease) in Cash and Cash Equivalents	(715,830)	378,534
Cash and Cash Equivalents at Beginning of Year	1,586,505	1,207,971
Cash and Cash Equivalents at End of Year	<u>\$ 870,675</u>	<u>\$ 1,586,505</u>

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

LOUISIANA PAROLE PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies -

Nature of Activities

Louisiana Parole Project, Inc. (the Organization) opened in 2016. The mission of the Organization is to enhance public safety through effective advocacy, programming, and services for incarcerated and formerly incarcerated persons so that they may reach their full potential.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

The significant revenues of the Organization are contributions, grant income, fee for services, lease income, and event proceeds and sponsorships. Contributions are discussed in detail below. Grants which represent exchange transactions are recorded as a receivable as the grant dollars are spent. Grants which represent contributed support are recognized in the same manner as contributions. Fee for services are recognized in the appropriate accounting period when earned. Lease income is recognized over time in the period in which the service is provided. Event proceeds and sponsorships are received from individuals, businesses, and other entities who participate in the Organization's events which are typically for raising awareness of the Organization's purpose and mission. The Organization generally conducts similar events each year however participation and financial support for these events is at the discretion of the attendees and can vary from year to year. Any payments received in advance from these sources are deferred and recognized as revenues in the period when the underlying performance obligation is satisfied.

Contributions

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor restricted support, either for time or purpose or in perpetuity, that increases net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Accounts Receivable

The Organization assesses the collectability of its accounts receivable using the direct write-off method. Under this method, accounts receivable are charged directly against earnings when they are determined by management to be uncollectible. Use of this method does not result in a material difference from the current expected credit loss (CECL) method (ASC Topic 326). There was no credit loss expense for the years ended December 31, 2025 and 2024.

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, Grants Receivable totaled \$216,853 as of December 31, 2023.

Contributed and Volunteer Services

A substantial number of unpaid volunteers have made a significant contribution of service to develop the Organization's programs, principally in fundraising activities, operations, and board participation. The value of this service is not reflected in these statements since it does not meet the criteria for recognition.

Donated Property and Equipment

Donated materials and equipment are reflected as contribution income and expense (if the capitalization threshold is not met) in the accompanying financial statements at their estimated fair values at the date of receipt.

Property and Equipment

Property and equipment are recorded at cost with depreciation being recorded using the straight-line method over the estimated useful lives of the assets, which range from 5 to 27.5 years. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

When assets are retired or disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gains and losses are recognized in the Organization's yearly operations.

Lease Accounting - Lessee

The Organization accounts for leases in accordance with Accounting Standards Codification (ASC) Topic 842, Leases. This guidance requires that right-of-use (ROU) assets and lease liabilities be recorded on the statement of financial position. The Organization determines if an arrangement is a lease at inception, and leases are then classified as either operating or finance leases depending on the characteristics of the lease. Right-of-use (ROU) assets represent the Organization's right to

control the use of a specified asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. In determining the present value of the lease payments, the Organization uses the risk-free discount rate when the discount rate is not implicit in the lease. Variable lease payments that are not index or rate based are recorded as expenses when incurred. The lease term is the non-cancelable period of the lease, including any options to extend, purchase, or terminate the lease depending on whether the Organization is reasonably certain to exercise those options. Assumptions made by the Organization at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification when that modification is not accounted for as a separate contract.

The costs associated with operating leases are recognized on a straight-line basis, within operating expenses, over the period of the leases. Finance lease ROU assets are amortized on a straight-line basis, within operating expenses, over the shorter of their estimated useful lives or the lease terms, and interest expense incurred on the lease liabilities is included in interest expense. If the lease transfers ownership to the Organization or the Organization is reasonably certain to exercise an option to purchase the underlying asset, the ROU asset is amortized to the end of the useful life of the underlying asset.

The Organization does not recognize lease assets and lease liabilities on short-term leases (leases with an initial term of 12 months or less at commencement date and does not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise) but instead records lease expense on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Organization does not separate lease and non-lease components for its leases and accounts for an entire contract as a single lease component.

See Note 7 to these financial statements for additional information and disclosures related to operating leases, including qualitative and quantitative disclosures required by Topic 842. The Organization had no finance leases as of December 31, 2025 and 2024.

Lease Accounting - Lessor

The Organization leases housing space to program participants as operating leases. The lease terms range from one to six months and lease revenue is earned on a monthly basis. Building and improvements subject to the operating leases is recorded at costs and depreciated using a straight-line method over estimated useful lives ranging from 5 to 27.5 years for financial statement purposes. Depreciation expense relating to the assets subject to the operating leases was \$62,543 and \$46,443, respectively, for the years ended December 31, 2025 and 2024.

Assets subject to the operating leases consist of the following as of December 31, 2025 and 2024:

	2025	2024
Buildings	\$ 1,960,669	\$ 1,615,592
Less: Accumulated Depreciation	(167,652)	(105,110)
	<u>\$ 1,793,017</u>	<u>\$ 1,510,482</u>

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Accordingly, no provision for income taxes on related income has been included in the financial statements.

The Organization files an income tax return in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to federal tax examinations by tax authorities for years before 2022. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements, if applicable.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2025 and 2024.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

At various times during the year, cash on deposit with one banking institution may exceed the Federal Deposit Insurance Corporation limit. Management believes the risk is limited.

Prepaid

Insurance and similar services which extend over more than one accounting period have been recorded as prepaid and are amortized.

Functional Allocation of Expenses

The costs of providing for the various programs and other activities of the Organization have been summarized on their functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and the supporting services benefited based on management's estimates of time and effort. Program services expenses are the direct and indirect costs related to accomplishing the Organization's objectives. All other expenses are classified as fundraising and general and administrative.

Advertising

The Organization incurred advertising expenses of \$19,521 and \$18,555, respectively, for the years ended December 31, 2025 and 2024. The Organization expenses advertising costs as incurred.

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material.

Reclassifications

Certain items in the 2024 report may have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previously reported change in net assets.

Subsequent Events

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 29, 2026, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability -

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial Assets at Year-end:

Cash and Cash Equivalents	\$ 870,675
Grants Receivable	271,593
	1,142,268

Less Amounts Not Available for General Expenditures Within One Year Due to:

Net Assets with Donor Restrictions	(201,334)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 940,934</u>

At December 31, 2024, the Organization had \$1,238,660 of financial assets available within one year of the statement of financial positions date to meet its liquidity needs. All of these funds were available for general expenditure within one year of the Statement of Financial Position date.

Note 3 - Restrictions of Net Assets -

Net Assets with Donor Restrictions are available for the following purposes at December 31, 2025 and 2024:

	2025	2024
Second Chances Initiative	\$ 100,000	\$ 80,000
Impacted Leaders Fellowship	101,334	160,864
Policy Development, Education and Advocacy	-	197,073
	<u>\$ 201,334</u>	<u>\$ 437,937</u>

Note 4 - Net Assets Released from Restrictions -

Net assets were released from restrictions for the years ended December 31, 2025 and 2024 for incurring expenses satisfying their restricted purposes as follows:

	2025	2024
Policy Development, Education and Advocacy	\$ 197,074	\$ 177,927
Reentry Assistance	50,000	150,000
Second Chances Initiative	80,000	80,000
Capital - Housing & Automobiles	435,000	150,000
Impacted Leaders Fellowship	259,530	39,136
Grants - Other	1,380,292	1,130,544
	<u>\$ 2,401,896</u>	<u>\$ 1,727,607</u>

Note 5 - Property and Equipment -

A summary of property and equipment, and accumulated depreciation at December 31, 2025 and 2024 is as follows:

	2025	2024
Automobiles	\$ 310,040	\$ 197,451
Building	3,281,273	2,677,654
Furniture and Fixtures	4,379	4,379
Software	15,000	-
	<u>3,610,692</u>	<u>2,879,484</u>
Less: Accumulated Depreciation	<u>(446,208)</u>	<u>(309,969)</u>
	3,164,484	2,569,515
Land	73,546	42,546
Construction in Progress	98,892	-
	<u>\$ 3,336,922</u>	<u>\$ 2,612,061</u>

Construction in Progress was \$98,892 and \$-0- at December 31, 2025 and 2024, respectively, which related to the renovations of a newly purchased rental property. There were no accounts payable associated with the construction in progress as of December 31, 2025. Subsequent to year end, this asset was completed and placed into service.

Note 6 - Retirement Contributions -

In 2024, the Organization had a Simple-IRA Plan and matched 100% of the employee contributions up to the first 3% of eligible employees' annual salary. The Organization's contributions for the year ended December 31, 2024 totaled \$38,430 and is included in employee benefits in the statement of functional expenses.

Effective January 1, 2025, the Organization established a defined contribution plan under Section 401(k) of the Internal Revenue Code for employees who meet the minimum age and service requirements. Participants may elect to defer a portion of their compensation to the Plan. Under this plan, the employer can make a discretionary matching contribution equal to a uniform percentage of the employee's salary deferrals. The retirement plan is available to those employees who attain the age of 21 and complete 1 month of service. The Organization's contributions for the year ended December 31, 2025 totaled \$59,265 and is included in employee benefits in the statement of functional expenses.

Note 7 - Leases -

The Organization has a facility operating lease agreement for office space in Baton Rouge, Louisiana extending beyond a 12-month period. The initial lease term is 36 months and commenced on September 1, 2024. During the current period on October 6, 2025, the lease was extended for 60 months with a new maturity date of August 31, 2030. The lease does not contain an option to purchase the leased asset at the end of the term. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Organization also has short-term lease expense related to office equipment and additional office space. Leases with initial terms of 12 months or less are not recorded on the Statement of Financial Position, and the Organization recognizes lease expense for these leases on a straight-line basis over the lease terms.

The following information provides details of the lease contracts for the years ended December 31, 2025 and 2024:

	2025	2024
Lease Expense		
Operating lease expense	\$ 116,400	\$ 98,800
Short term operating lease expense	18,000	29,550
	<u>\$ 134,400</u>	<u>\$ 128,350</u>

Supplemental Cash Flow Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 116,400	\$ 98,800
ROU assets obtained in exchange for new operating lease liabilities	\$ 307,870	\$ 192,399

Other Information	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term in years for operating leases	4.67	2.67
Weighted-average discount rate for operating leases	3.75%	3.73%

As of December 31, 2025 and 2024, operating lease liabilities consisted of the following:

	<u>2025</u>	<u>2024</u>
Current Portion	\$ 99,748	\$ 107,549
Long-Term Portion	399,421	188,394
	<u>\$ 499,169</u>	<u>\$ 295,943</u>

The maturities of the operating lease liabilities are as follows:

Maturity Analysis	
December 31, 2026	\$ 116,400
December 31, 2027	116,400
December 31, 2028	116,400
December 31, 2029	116,400
December 31, 2030	<u>77,600</u>
Total Undiscounted Cash Flows	543,200
Less: Present Value Discount	<u>(44,031)</u>
Total Lease Liability	<u>\$ 499,169</u>

Note 8 - Commitments and Contingencies -

The Paycheck Protection Program (PPP) loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over \$2 million will be fully audited and loans under \$2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness. The Organization received two PPP loans (which were both forgiven in 2021) in the amounts of \$42,196 and \$59,925.

Note 9 - Concentrations -

The Organization received approximately 12% of its revenue from one organization as of December 31, 2025. The Organization received approximately 24% of its revenues from two organizations as of December 31, 2024. If these organizations have significant declines in revenues or changes in their operating environment, revenues received from these organizations could be significantly reduced and the effect of such reduction could have a significant impact to the operations of the Organization.

The Organization entered into a contractor agreement with the State of Louisiana. The Organization received approximately 13% and 12%, respectively, of its funding for the years ended December 31, 2025 and 2024 from this agreement. The continuation of the agreement is contingent upon the appropriation of funds by the Louisiana Legislature. If the legislature fails to appropriate sufficient

funds or if the appropriation is reduced to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the fiscal year for which funds are not appropriated. The Organization is unaware of any modifications or reductions to the current appropriations that fund this agreement.

The Organization entered into a federal grant agreement with the Department of Justice. The Organization received approximately 11% and 10%, respectively, of its funding for the years ended December 31, 2025 and 2024 from this agreement. The continuation of the agreement is contingent upon the appropriation of funds by the Federal Government. If the Federal Government fails to appropriate sufficient funds or if the appropriation is reduced to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the fiscal year for which funds are not appropriated. The Organization is unaware of any modifications or reductions to the current appropriations that fund this agreement.

Note 10 - Functional Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and the majority of expenses are allocated based on management's best estimate of time and effort spent on program or supporting activities. Other expenses are allocated directly to either program or supporting services.

Note 11 - Related Party -

The Organization utilized the services of a real estate company (whose owner is directly related to a member of the Board) with Board approval and oversight. Several properties were purchased utilizing the real estate company during the fiscal years. All fees were paid directly by the property sellers. Payments made directly to this company totaled \$-0- for the years ended December 31, 2025 and 2024.

The Organization utilized services of a social media strategy company (whose owner is directly related to a member of the Board) with Board approval and oversight. Payments made directly to this company totaled \$11,250, and \$-0- for the years ended December 31, 2025 and 2024, respectively.

During the year ended December 31, 2025, an immediate family member of a member of management was employed by the Organization. The individual was hired through the Organization's standard hiring process and is compensated in accordance with the Organization's established policies and procedures. Compensation paid to this employee during the year ended December 31, 2025 totaled approximately \$4,900.

Note 12 - Compensation, Benefits and Other Payments to Agency Head -

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 642 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Executive Director, Andrew Hundley, did not receive any compensation that was paid from public funds.

SUPPLEMENTARY INFORMATION



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Independent Auditor's Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit
of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Directors
Louisiana Parole Project
Baton Rouge, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Parole Project, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2025, 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 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 determination of 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 matter that is required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of the Organization in a separate letter dated June 29, 2026.

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.

This report is intended solely for the information and use of the Board of Directors, management, the Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, CPA

Baton Rouge, Louisiana
June 29, 2026

LOUISIANA PAROLE PROJECT, INC.

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED DECEMBER 31, 2025

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: ☐ Yes ☒ No

Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted: ☐ Yes ☒ No

B. Internal Control Over Financial Reporting

None

C. Compliance and Other Matters

None

LOUISIANA PAROLE PROJECT, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2025

None

LOUISIANA PAROLE PROJECT, INC.

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

JANUARY 1, 2025 THROUGH DECEMBER 31, 2025

BATON ROUGE, LOUISIANA



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Independent Accountant's Report
on Applying Agreed-Upon Procedures
for the Year Ended December 31, 2025

To the Board of Directors
Louisiana Parole Project 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, 2025 through December 31, 2025. Louisiana Parole Project, Inc.'s (the Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget. - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories.**
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes. - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**
 - iii. ***Disbursements***, including processing, reviewing, and approving. - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation). - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**
- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules. - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**
- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases). - **This policy was formalized in writing effective May 1, 2025. The policy addresses the necessary category and corresponding subcategories**
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy. - **Not applicable.**
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. - **Not applicable.**
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event. - **This policy was not formalized in writing during the fiscal period covered by these agreed upon procedures. Effective June 1, 2026, the policy was placed into writing by the Organization which we obtained and inspected noting the policy addresses the necessary category and corresponding subcategories.**

- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. - **Not applicable.**

Management's Response/Corrective Action - For each of the applicable policies noted above, with the exception of IT, written policies and procedures addressing the necessary criteria were implemented effective May 1, 2025. For Information Technology Disaster Recovery/Business Continuity, written policies and procedures addressing the necessary criteria have been implemented effective June 1, 2026.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document. - **No exceptions.**
 - ii. For those entities reporting on the non-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period. - **No exceptions.**
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund. - **Not applicable.**
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved. – **The board/finance committee receives updates on the status of the statewide agreed-upon procedure findings; however, in the minutes observed there was no evidence of formal written updates documenting the progress of resolving the statewide agreed-upon procedure findings at each meeting until they are considered fully resolved.**

Management's Response/Corrective Action – The Organization has reviewed the finding and plans to begin providing written updates to the board/finance committee of the progress of resolving the statewide agreed-upon procedure findings until they are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged); - **We obtained the bank reconciliations for the randomly selected month noting it was prepared by the**

Organization. However, the bank reconciliations were not prepared within 2 months of the related statement closing date.

Management's Response/Corrective Action - The Organization has reviewed the finding and plans to begin preparing the bank reconciliations within 2 months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged) - **No exceptions.**
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable. – **Management did not maintain documentation evidencing that it had researched reconciling items outstanding for more than 12 months from the statement closing date. However, during fieldwork, management subsequently performed the necessary research and provided documentation supporting the resolution of these items.**

Management's Response/ Corrective Action – Management has reviewed the finding and plans to begin documenting research on outstanding items more than 12 months from the statement closing date. We have since hired a Finance Manager for this position and aim to follow the guidelines as written.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5). - **No exceptions.**
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers. - **No exceptions.**
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit. - **No exceptions.**
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit. - **No exceptions.**
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation. - **No exceptions.**

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period. – **Management did not maintain a bond or insurance policy covering theft for employees with access to cash for the entire fiscal period. The policy in place expired on January 26, 2025, resulting in a lapse in coverage throughout the remainder of the fiscal period. Subsequent to year-end, management renewed the policy.**

Management's Response/ Corrective Action – Management acknowledges that the bond or insurance policy expired on January 26, 2025, and was not renewed in a timely manner. Subsequent to year end, management obtained coverage effective June 4, 2026 and plans to renew the policy timely going forward.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- Observe that receipts are sequentially pre-numbered. - **No exceptions.**
 - Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip. - **No exceptions.**
 - Trace the deposit slip total to the actual deposit per the bank statement. - **No exceptions.**
 - Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer). - **No exceptions.**
 - Trace the actual deposit per the bank statement to the general ledger. - **No exceptions.**

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5). - **No exceptions.**
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase. - **No exceptions.**
 - At least two employees are involved in processing and approving payments to vendors. - **No exceptions.**
 - 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. - **No exceptions.**

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments. - **No exceptions.**
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means. - **No exceptions.**
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity. - **No exceptions.**
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable. - **No exceptions.**
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements. - **No exceptions.**

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete. - **No exceptions.**
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported). - **No exceptions.**
 - ii. Observe that finance charges and late fees were not assessed on the selected statements. - **No exceptions.**

- C. Using the monthly statements or combined statements selected under procedure #6B 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny. – **No exceptions.**
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees’ authorization has been removed – **No exceptions.**

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov). - **No exceptions.**
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased. - **No exceptions.**
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A (vii). - **No exceptions.**
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement. - **No exceptions.**

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law. - **No contracts subject to the Louisiana Public Bid Law or Procurement Code.**
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter). - **Not applicable.**

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval). - **Not applicable.**
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract. - **No exceptions.**

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files. - **No exceptions.**
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). - **No exceptions.**
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials. - **No exceptions.**
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records. - **No exceptions.**
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file. - **No exceptions.**
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy. - **No exceptions.**
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines. - **No exceptions.**

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management, and:
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170. - **Not applicable.**

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable. - **Not applicable.**

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170. - **Not applicable.**

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

- **Not applicable.**

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants). - **Not applicable.**

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523. - **None noted.**

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds. - **No exceptions.**

13) Information Technology Disaster Recovery/Business Continuity

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 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 there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months. - **We performed the procedure and discussed the results with management.**

- 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.**
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network. - **No exceptions.**
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows: - **Not applicable.**
- 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.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343. - **Not applicable.**
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website). - **Not applicable.**
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344: - **Not applicable.**
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

We were engaged by the Organization 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. 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.

Respectfully submitted,

Hannis T. Bourgeois, CPA

Baton Rouge, Louisiana
June 29, 2026

June 29, 2026

To the Board of Directors
Louisiana Parole Project, Inc.
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of Louisiana Parole Project, Inc. (the “Organization”) as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States of America, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated June 29, 2026 on the financial statements of the Organization. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Bank Statements and Bank Reconciliations

Current Year Comment:

During our audit procedures, we noted that while the bank reconciliations are being performed, they were not being performed timely in all instances. As best practice, we recommend management implement procedures to ensure that all bank reconciliations are completed timely within a 2-month timeframe from the statement closing date. Furthermore, reconciliations should be appropriately initialed and dated to provide clear evidence of preparation and review.



Prior Year Comment:

We noted during our audit that the Executive Director is reviewing bank statements monthly and performing the monthly bank reconciliations. Although the finance committee is involved, there is no evidence of formal review of the monthly bank statements and bank reconciliations by someone other than the individual preparing the reconciliation (Executive Director). We recommend that someone from upper management or governance who is not directly involved in the bank reconciliation process begin documenting formal evidence of review and approval of the independently accessed bank statements and the bank reconciliations. Alternatively, if the bank reconciliation process and all general ledger change access can be assigned to an accounting personnel or administrative staff, the Executive Director can be the individual responsible for formal review and approval of bank statements and bank reconciliations.

Management Response/ Current Year Update:

During the current year, management implemented a process where the administrative manager prepares the bank reconciliations, and the Executive Director reviews the monthly reconciliation. Also, management acknowledges the importance of preparing and reviewing bank reconciliations on a timely basis. Subsequent to year end, a Finance Manager was hired to assist with these responsibilities and ensure reconciliations are performed timely with formal review. Additionally, a member of the board will begin receiving the reviewed bank reconciliations and independently accessing the monthly bank statements and providing written evidence of their review. The Board continues to remain actively involved in the review of the financial statements as a mitigating control.

Debit Card Transactions

Prior Year Comment:

We noted during our audit procedures that the Organization utilizes debit cards including a card held by the Executive Director. Therefore, the review of monthly debit card transactions and statements is directly tied to the monthly bank statement and reconciliation process. Currently, the Executive Director reviews bank statements and performs monthly bank reconciliations with no other formal evidence of review by someone in management or governance who is not directly involved in the bank reconciliation process. In addition to the recommendation above regarding review of bank statements and bank reconciliations, we recommend that someone from upper management or governance who is not directly involved in the bank reconciliation process begin formally documenting review and approval of supporting documentation and receipts for Executive Director's debit card charges.

Current Year Update:

During the current year, management implemented a process where the administrative manager prepares the bank reconciliations, and the Executive Director reviews the monthly reconciliation. Also, during the current year, management implemented a process in which a designated board member receives and reviews the monthly bank statements and supporting documentation, verifies that all Executive Director debit card transactions are appropriate, and formally documents the review.

Louisiana Parole Project, Inc.

June 29, 2026

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This communication is intended solely for the information and use of management, and the Board of Directors, Office of the Louisiana Legislative Auditor and any cognizant agency and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document and its distribution is not limited.

Respectfully submitted,

Hannis T. Bourgeois, LLP