

**EISNERAMPER**

**THE FIRST 72+**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**



**THE FIRST 72+**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The First 72+

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The First 72+ (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

#### ***Emphasis of Matter Regarding a Correction of an Error***

As discussed in Note 10 to the financial statements, the beginning net assets with donor restrictions was restated for a correction of an accounting error. Our opinion is not modified with respect to this matter.

#### ***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 within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

## ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

*EisnerAmper LLP*

EISNERAMPER LLP  
Metairie, Louisiana  
May 31, 2024



**THE FIRST 72+**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

**ASSETS**

|                                     |                            |
|-------------------------------------|----------------------------|
| Current assets:                     |                            |
| Cash                                | \$ 604,003                 |
| Promises to give                    | 174,999                    |
| Grant receivable                    | 39,569                     |
| Total current assets                | <u>818,571</u>             |
| Operating lease right-of-use assets | 49,843                     |
| Property and equipment, net         | <u>538,370</u>             |
| Total assets                        | <u><u>\$ 1,406,784</u></u> |

**LIABILITIES AND NET ASSETS**

|   |                            |
|---|----------------------------|
| Current liabilities:                              |                            |
| Accounts payable and accrued expenses             | \$ 132,256                 |
| Operating lease liability, current portion        | 25,901                     |
| Notes payable                                     | 40,000                     |
| Total current liabilities                         | <u>198,157</u>             |
| Operating lease liability, net of current portion | <u>24,012</u>              |
| Total liabilities                                 | <u>222,169</u>             |
| Net assets without donor restrictions             | 709,615                    |
| Net assets with donor restrictions                | <u>475,000</u>             |
| Total net assets                                  | <u>1,184,615</u>           |
| Total liabilities and net assets                  | <u><u>\$ 1,406,784</u></u> |

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

**THE FIRST 72+**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

|   | <b><u>Without Donor</u></b><br><b><u>Restrictions</u></b> | <b><u>With Donor</u></b><br><b><u>Restrictions</u></b> | <b><u>Total</u></b>        |
|---|---|--|----------------------------|
| <b><u>REVENUES AND SUPPORT</u></b>                |   |  |                            |
| Contributions                                     | \$ 1,350,220  | \$ 145,000   | \$ 1,495,220               |
| Grant revenue                                     | 123,812   | -  | 123,812                    |
| Interest income                                   | 1,991   | -  | 1,991                      |
| Net assets released from restriction              | 254,945   | (254,945)  | -                          |
|   | <hr/>   | <hr/>  | <hr/>                      |
| Total revenues and support                        | 1,730,968   | (109,945)  | 1,621,023                  |
| <b><u>EXPENSES</u></b>                            |   |  |                            |
| Program services                                  | 1,135,375   | -  | 1,135,375                  |
| Supporting services:                              |   |  |                            |
| Fundraising                                       | 148,933   | -  | 148,933                    |
| Management and general                            | 280,987   | -  | 280,987                    |
|   | <hr/>   | <hr/>  | <hr/>                      |
| Total expenses                                    | 1,565,295   | -  | 1,565,295                  |
|   | <hr/>   | <hr/>  | <hr/>                      |
| Change in net assets                              | 165,673   | (109,945)  | 55,728                     |
|   | <hr/>   | <hr/>  | <hr/>                      |
| <b><u>NET ASSETS AT BEGINNING OF THE YEAR</u></b> | 543,942   | 584,945  | 1,128,887                  |
|   | <hr/>   | <hr/>  | <hr/>                      |
| <b><u>NET ASSETS AT END OF THE YEAR</u></b>       | <b><u>\$ 709,615</u></b>                                  | <b><u>\$ 475,000</u></b>                               | <b><u>\$ 1,184,615</u></b> |

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

**THE FIRST 72+**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

|                         | <b>Supporting Services</b>  |                                   |                    |  |                     |
|-------------------------|-----------------------------|-----------------------------------|--------------------|--|---------------------|
|                         | <b>Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total<br/>Supporting<br/>Services</b> | <b>Total</b>        |
| Salaries and wages      | \$ 461,107                  | \$ 62,088                         | \$ 35,555          | \$ 97,643                                | \$ 558,750          |
| Employee benefits       | 58,036                      | 16,043                            | 7,508              | 23,551                                   | 81,587              |
| Payroll taxes           | 31,462                      | 8,697                             | 4,070              | 12,767                                   | 44,229              |
| Accounting fees         | -                           | 42,000                            | -                  | 42,000                                   | 42,000              |
| Exonerree assistance    | 291,370                     | -                                 | -                  | -  | 291,370             |
| Fundraising supplies    | -                           | -                                 | 64,594             | 64,594                                   | 64,594              |
| Insurance               | -                           | 53,475                            | -                  | 53,475                                   | 53,475              |
| Miscellaneous expenses  | -                           | 23                                | -                  | 23                                       | 23                  |
| Depreciation            | -                           | 6,742                             | -                  | 6,742                                    | 6,742               |
| Office operations       | 93,831                      | 28,917                            | 22,900             | 51,817                                   | 145,648             |
| Professional fees       | -                           | 20,500                            | -                  | 20,500                                   | 20,500              |
| Programming             | 174,176                     | -                                 | -                  | -  | 174,176             |
| Lease expense           | 25,393                      | -                                 | -                  | -  | 25,393              |
| Repairs and maintenance | -                           | 31,932                            | -                  | 31,932                                   | 31,932              |
| Service Charges         | -                           | 1,169                             | -                  | 1,169                                    | 1,169               |
| Telecommunications      | -                           | 9,401                             | -                  | 9,401                                    | 9,401               |
| Travel                  | -                           | -                                 | 14,306             | 14,306                                   | 14,306              |
| Total expenses          | <u>\$ 1,135,375</u>         | <u>\$ 280,987</u>                 | <u>\$ 148,933</u>  | <u>\$ 429,920</u>                        | <u>\$ 1,565,295</u> |

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



**THE FIRST 72+**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |    |                |
|---|----|----------------|
| Change in net assets  | \$ | 55,728         |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |    |                |
| Depreciation expense  |    | 6,742          |
| Right-of-use asset amortization   |    | (24,743)       |
| Changes in operating assets and liabilities:  |    |                |
| Promises to give  |    | 159,945        |
| Grant receivable  |    | (23,771)       |
| Accounts payable and accrued expenses   |    | 48,119         |
| Operating lease liability   |    | 24,813         |
| Net cash provided by operating activities   |    | <u>246,833</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|                                       |  |                 |
|---------------------------------------|--|-----------------|
| Purchases of property                 |  | <u>(87,582)</u> |
| Net cash used in investing activities |  | <u>(87,582)</u> |

**CASH FLOWS FROM FINANCING ACTIVITIES**

|                                       |  |                 |
|---------------------------------------|--|-----------------|
| Payments on notes payable             |  | <u>(40,000)</u> |
| Net cash used in financing activities |  | <u>(40,000)</u> |

Net increase in cash

119,251

Cash, beginning of year

484,752

Cash, end of year

\$ 604,003

**Non-cash investing and financing activities:**

|   |    |               |
|---|----|---------------|
| Additions to ROU assets obtained from new operating lease liabilities | \$ | <u>50,164</u> |
|---|----|---------------|

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

## THE FIRST 72+

### NOTES TO FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies

##### Organization

The First 72+ (“the Organization”) is a 501(c)(3) non-profit organization and was incorporated September 24, 2014 pursuant to the provision of the Louisiana Nonprofit Law, Louisiana R.S. 12:201 – 12:269 (1950 as amended). Effective January 3, 2019, the Organization’s name was changed from Rising Foundations to The First 72+ with the Louisiana Secretary of State. The Organization’s mission is to stop the cycle of incarceration by fostering independence and self-sustainability through education, stable and secure housing, and employment. Through the leadership and wisdom of formerly incarcerated people themselves, the Organization transforms the re-entry experience into one that builds on the strengths and abilities of people returning home from prison and ensures that they, their families, and their communities are given the greatest opportunity to grow and thrive.

##### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and 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.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase 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.

##### Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at December 31, 2023.

##### Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2023, an allowance was not deemed necessary.

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Grants Receivables

Receivables consisted of the unpaid balances as of year-end for government grant awards. Grants are billed to awarding agency based on expenses incurred on a reimbursement basis. Management considers the receivable balance to be fully collectible, and as a result, an allowance for doubtful accounts is not recorded.

Leases

The Organization leases office space and information technology equipment. Determination of leases is arranged at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, the risk-free rate is used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give – that is, those with measurable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met.

Revenues from government grants are recorded when the Organization has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Organization, or when otherwise earned under the terms of the grants. Amounts received prior to meeting the qualifying conditions and/or incurring qualifying expenditures are reported as refundable advances in the statement of financial position. At December 31, 2023, there were no refundable advances. At December 31, 2023, revenues approximating \$200,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend on have not yet been met.

Contributed Non-Financial Assets

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP.

Contributed non-financial assets are reported as their estimated fair value on the date of receipt and reported as expense when utilized. No contributed non-financial assets met the criteria prescribed by GAAP for recognition in 2023.

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 27.5 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using appraisals. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no impairments for the year ended December 31, 2023.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts at several financial institutions. The balances, at times, may exceed federally insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and are reconciled to the natural classifications in the statement of functional expenses. The majority of direct costs are charged directly to the appropriate program or functional area. Certain costs which benefit more than one functional area have been allocated among the Organization's programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Office operations and rent have been allocated based on time and effort.

Income Taxes

The Organization is exempt from income tax under IRC 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. The Organization 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. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## THE FIRST 72+

### NOTES TO FINANCIAL STATEMENTS

#### 2. Liquidity and Availability

The following represents the Organization's financial assets and those available to meet general expenditures within twelve months as of December 31, 2023:

|   |                   |
|---|-------------------|
| Financial assets at year end:                                 |                   |
| Cash  | \$ 604,003        |
| Promises to give, net   | 174,999           |
| Grant receivable  | 39,569            |
| Total financial assets available to meet general expenditures | <u>\$ 818,571</u> |

The Organization's goal is to maintain financial assets that will meet three months operating expenses.

#### 3. Property and Equipment

Property and equipment consisted of the following at December 31, 2023:

|                                     |                   |
|-------------------------------------|-------------------|
| Furniture, fixtures, and equipment  | \$ 5,060          |
| Building and leasehold improvements | 540,052           |
| Accumulated depreciation            | (6,742)           |
| Total property and equipment, net   | <u>\$ 538,370</u> |

Depreciation expense was \$6,742 for the year ended December 31, 2023.

#### 4. Notes Payable

In October 2022, the Organization entered into a loan agreement with a related party in the amount of \$80,000. The loan has an interest rate of 3.0% compounded monthly for the purpose of paying construction costs. Payments of principal and interest are due starting 90 days after the date of the loan with the goal to repay the loan in full within 18 months. As of December 31, 2023, the balance on the loan is \$40,000.

## THE FIRST 72+

### NOTES TO FINANCIAL STATEMENTS

#### 5. Leases

The Organization has operating leases for two buildings leased from related parties (see Note 9) and various information technology equipment at varying terms.

Information related to leases is as follows as of and for the year ended December 31, 2023:

|   |    |            |
|---|----|------------|
| Operating cash flows from operating leases            | \$ | 25,701     |
| ROU assets obtained in exchange for lease obligations | \$ | 50,164     |
| Weighted average remaining lease term                 |    | 1.93 Years |
| Weighted average discount rate                        |    | 4.64%      |

As lessee, operating lease liabilities under non-cancellable leases (excluding short-term) leases are as follows:

#### **Years Ending December 31:**

|                      |    |         |
|----------------------|----|---------|
| 2024                 | \$ | 25,901  |
| 2025                 |    | 25,901  |
| 2026                 |    | 411     |
| Total lease payments | \$ | 52,213  |
| Less: interest       |    | (2,300) |
|                      | \$ | 49,913  |

#### 6. Net Assets with Donor Restrictions

Total net assets with donor restrictions for First 72+ as of December 31, 2023 were \$475,000. These net assets are considered restricted due to time restrictions. In addition, \$200,000 of net assets with donor restrictions as of December 31, 2023 is also purpose-restricted for reentry legal services.

#### 7. Economic Dependency

The primary sources of revenues for the Organization are contributions and grants provided by various donors and funding agencies. Continued operations are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

#### 8. Contingencies

The Organization participates in federal grant programs that are passed through local government agencies which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grant, refunds of any money received and the collectability of any related receivables as of December 31, 2023 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing these grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**NOTES TO FINANCIAL STATEMENTS**

**9. Related Party Transactions**

As described in Note 5, in May 2021, the Organization entered into an agreement with a company for the rental of two buildings. The organization renewed this agreement in December 2023. One of the Organization's Board members is the president of the company. As of December 31, 2023, the operating lease ROU asset and operating lease liability related to this agreement were \$48,134 and \$48,203, respectively. The total rent expense under these agreements was \$25,200 for fiscal 2023.

As described in Note 4, in October 2022, the Organization entered into a loan agreement with the same company.

**10. Correction of an Error**

During the year ended December 31, 2023, the Organization determined that amount accrued for promises to give were not properly accrued as of and for the year end December 31, 2022. This resulted in an overstatement of promises to give and contributions revenues in the amount of \$75,000. The restatement impacts the amount reported as promises to give, net assets with donor restrictions and contributions revenues at December 31, 2022. The opening balances as of January 1, 2023 have been adjusted to correct this overstatement. The opening balance of net assets with donor restrictions previously reported at \$659,945 has been adjusted to \$584,945 in the Statement of Activities.

**11. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 31, 2024, and determined that there were no other events that occurred that require additional disclosure. No other subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**



**THE FIRST 72+**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**YEAR ENDED DECEMBER 31, 2023**

**Agency Head Name: Chad Sanders, Co-Executive Director** (from January - November)

| <b>Purpose</b>             | <b>Amount</b> |
|----------------------------|---------------|
| Salary (Contract Payments) | \$95,000      |
| Benefits- insurance        | \$8,956       |

**Agency Head Name: Tyrone Smith, Co-Executive Director** (from January- August)

| <b>Purpose</b>             | <b>Amount</b> |
|----------------------------|---------------|
| Salary (Contract Payments) | \$95,000      |

**Agency Head Name: Troy Glover, Executive Director** (from September- December)

| <b>Purpose</b>             | <b>Amount</b> |
|----------------------------|---------------|
| Salary (Contract Payments) | \$53,333      |
| Benefits                   | \$16,225      |

See independent auditors' report.

## **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  
The First 72+

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 (Government Auditing Standards), the financial statements of The First 72+ (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2023, 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 May 31, 2024.

### **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 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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal controls, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Organization's Response to Findings

*Government Auditing Standards* require the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Organization's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of this Report

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

*EisnerAmper LLP*

EISNERAMPER LLP  
Metairie, Louisiana  
May 31, 2024



**THE FIRST 72+**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**DECEMBER 31, 2023**

**Finding 2023-001 Revenues and Receivables**

Criteria:

The Organization should have systems of internal accounting controls which ensure that revenues and receivables are presented in accordance with U.S. generally accepted accounting principles (US GAAP).

Condition:

The Organization did not properly account for all promises to give on the accrual basis of accounting in the prior year which resulted in the Organization identifying adjustments to opening balances in the current year.

Cause:

The Organization did not have a process in place to ensure that promise to give revenue were recorded in accordance with US GAAP.

Effect:

As noted, adjustments were required to opening balances to present the current year financial statements in accordance with generally accepted accounting principles. No other material errors / audit adjustments were identified for 2023 revenues and receivables.

Recommendation:

We recommend that the Organization implement internal controls and procedures to ensure that promises to give are properly recorded.

Management's Response:

During fiscal year 2023 the organization implemented internal controls and procedures to ensure that promises to give revenues are properly recorded. Identification of the opening balance adjustment by the organization is evidence of the implementation of these new review controls.

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**SCHEDULE OF PRIOR YEAR FINDINGS**  
**DECEMBER 31, 2022**

**Finding 2022-001 Revenues and Receivables**

Criteria:

The Organization should have systems of internal accounting controls which ensure that revenues and receivables are presented in accordance with U.S. generally accepted accounting principles (US GAAP).

Condition:

The Organization did not properly account for all contributions and grants revenues on the accrual basis of accounting which resulted in audit adjustments to record receivables and related revenues for revenue earned but not received as of year-end and to reduce revenue and receivables for conditional grants and donations for which the conditions had not been met as of year-end.

Recommendation:

We recommend that the Organization implement internal controls and procedures to ensure that promises to give, grants receivable for unreimbursed expenses, and related contributions and grants revenues are properly recorded.

Status:

This finding was repeated in the current year due to prior period restated made to opening balances. See Note 10 for details on restatement of opening balances. See 2023-001 for repeat finding. Controls were put into place during fiscal year 2023 to remedy this finding.