

**CANE RIVER CHILDREN'S SERVICES, INC.**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2023**

Cane River Children’s Services, Inc.  
Annual Financial Report  
June 30, 2023

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Cane River Children's Services, Inc.

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

**Opinion**

We have audited the accompanying financial statements of the Cane River Children's Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Cane River Children's Services, Inc. as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 Cane River Children's Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cane River Children's Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Cane River Children's Services, Inc. taken as a whole. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, reflected on page 18, to supplement the financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented on page 19 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records, used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Information from the preceding year is reported in certain financial statements within this report. The information was taken from our report dated December 9, 2022, in which we expressed an unmodified opinion on the Cane River Children's Services, Inc.'s statement of financial position.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of Cane River Children's Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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 Cane River Children's Services, Inc.'s internal control over financial reporting and compliance.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 21, 2023, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

December 21, 2023

## FINANCIAL STATEMENTS

Cane River Children's Services, Inc.  
Statement of Financial Position  
For the Year Ended June 30, 2023  
(With Comparative Totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
Assets-		
Current Assets:		
Cash & Cash Equivalents	\$ 117,392	\$ 152,023
Revenue Receivables	<u>151,491</u>	<u>190,299</u>
Total Current Assets	<u>\$ 268,883</u>	<u>\$ 342,322</u>
Noncurrent Assets:		
Prepaid Expenses	\$ 4,984	\$ 7,406
Long-term receivables	103,383	120,895
Restricted Cash	15,683	13,538
Property and Equipment, Net of Accumulated Depreciation	<u>1,231,437</u>	<u>1,213,395</u>
Total Noncurrent Assets	<u>\$1,355,487</u>	<u>\$1,355,234</u>
Total Assets	<u>\$1,624,370</u>	<u>\$1,697,556</u>
Liabilities-		
Current Liabilities:		
Accounts Payable	\$ 18,953	\$ 12,580
Accrued Payroll & Payroll Liabilities	21,306	18,420
Current Portion of Long-Term Debt	<u>79,086</u>	<u>46,748</u>
Total Current Liabilities	<u>\$ 119,345</u>	<u>\$ 77,748</u>
Noncurrent Liabilities:		
Residents' Deposits	\$ 18,064	\$ 13,538
Long-Term Debt	<u>481,957</u>	<u>572,251</u>
Total Noncurrent Liabilities	<u>\$ 500,021</u>	<u>\$ 585,789</u>
Total Liabilities	\$ 619,366	\$ 663,537
Net Assets-		
Without Donor Restrictions	<u>1,005,004</u>	<u>1,034,019</u>
Total Liabilities & Net Assets	<u>\$1,624,370</u>	<u>\$1,697,556</u>

See independent auditors' report and notes to the financial statements.

Cane River Children's Services, Inc.  
Statement of Activities  
For the Year Ended June 30, 2023  
(With Comparative Totals for June 30, 2022)

	<u>Without Donor Restrictions</u>	
	<u>2023</u>	<u>2022</u>
Revenues-		
Intergovernmental-		
Federal Grants	\$1,084,560	\$1,134,640
Contract Income	62,672	55,224
Local Grants	36,000	0
Donations	45,456	34,710
Interest and Dividend Income	9,444	8,977
Insurance Recoveries	26,528	0
Other	<u>2,357</u>	<u>13,605</u>
Total Unrestricted Revenues	<u>\$1,267,017</u>	<u>\$1,247,156</u>
Expenses-		
Program Services:		
Non-Medical Group Home	\$ 811,709	\$ 731,948
Child Placing	120,186	93,212
Community Counseling/Child Advocacy	343,153	237,552
Supportive Services:		
Administrative & General	<u>20,984</u>	<u>17,324</u>
Total Expenses	<u>\$1,296,032</u>	<u>\$1,080,036</u>
Change in Net Assets	\$ (29,015)	\$ 167,120
Net Assets-Beginning of Year	<u>1,034,019</u>	<u>866,899</u>
Net Assets-End of Year	<u>\$1,005,004</u>	<u>\$1,034,019</u>

See independent auditors' report and notes to the financial statements.

Cane River Children's Services, Inc.  
Statement of Functional Expenses  
For the Year Ended June 30, 2023  
(With Comparative Totals for June 30, 2022)

	Program Services				Supporting Services	Total 2023 Expenses	Comparative Total 2022 Expenses
	Non-Medical Group Home	Child Placing	Community Counseling/ Child Advocacy	Total Program Services	Management and General		
EXPENSES:							
Salaries & Payroll Taxes	\$559,319	\$ 54,700	\$250,626	\$ 864,645	\$ 0	\$ 864,645	\$ 681,658
Employee Benefits	9,709	448	5,121	15,278	2,360	17,638	19,662
Advertising	565	87	0	652	0	652	0
Bad Debt Expense	1,282	0	46,105	47,387	0	47,387	39,220
Computer Software	1,613	43	4,538	6,194	0	6,194	4,610
Dietary	37,538	10,799	24	48,361	0	48,361	37,208
Household Supplies	5,403	2,541	746	8,690	729	9,419	9,994
Insurance	31,995	7,800	9,683	49,478	0	49,478	53,332
Interest and Penalties	17,346	4,598	1,830	23,774	0	23,774	25,334
Licenses and Dues	2,034	168	1,911	4,113	0	4,113	11,985
Medical & Nursing	888	28	0	916	0	916	1,404
Office Supplies	17,606	2,939	2,998	23,543	4,073	27,616	17,581
Postage & Printing	905	59	0	964	180	1,144	1,111
Repairs & Maintenance	18,433	3,801	5,532	27,766	2,935	30,701	23,855
Recreational	865	313	0	1,178	1,579	2,757	3,079
Resident Expenses	420	105	0	525	1,020	1,545	3,227
Telephone	7,884	2,269	3,861	14,014	2,203	16,217	15,821
Therapy Expenses	2,222	0	979	3,201	127	3,328	4,214
Training & Travel	4,240	312	458	5,010	0	5,010	2,657
Utilities	31,689	9,799	6,435	47,923	3,905	51,828	49,881
Vehicle Expenses	8,300	1,463	0	9,763	30	9,793	7,282
Depreciation	49,881	17,155	2,306	69,342	0	69,342	65,429
Other	1,572	759	0	2,331	1,843	4,174	1,492
<b>Total Expenses</b>	<b>\$811,709</b>	<b>\$120,186</b>	<b>\$343,153</b>	<b>\$1,275,048</b>	<b>\$20,984</b>	<b>\$1,296,032</b>	<b>\$1,080,036</b>

See independent auditors' report and notes to the financial statements.

Cane River Children's Services, Inc.  
Statement of Cash Flows  
For the Year Ended June 30, 2023  
(With Comparative Totals for June 30, 2022)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from program service operations	\$1,182,693	\$1,102,245
Cash received from contributions	83,813	48,315
Cash payments for salaries, benefits and payroll taxes	(875,910)	(629,028)
Cash payments to vendors	(287,186)	(326,933)
Interest and dividends received	<u>9,444</u>	<u>8,977</u>
Net Cash Provided by Operating Activities	\$ <u>112,854</u>	\$ <u>203,576</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	\$ <u>(87,384)</u>	\$ <u>(28,186)</u>
Net Cash Used by Investing Activities	\$ <u>(87,384)</u>	\$ <u>(28,186)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Loan proceeds	\$ 0	\$ 154,000
Principal payments on loans	<u>(57,956)</u>	<u>(216,949)</u>
Net Cash Used by Financing Activities	\$ <u>(57,956)</u>	\$ <u>(62,949)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	\$ (32,486)	\$ 112,441
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	<u>165,561</u>	<u>53,120</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ <u>133,075</u>	\$ <u>165,561</u>

Reconciliation of Cash, Cash Equivalents and Restricted Cash:

Cash & Cash Equivalents	\$117,392
Restricted Cash	<u>15,683</u>
Net Cash at End of Year	<u>\$133,075</u>

SUPPLEMENTAL DISCLOSURE

Cash payments for interest during the years ended June 30, 2023 and 2022 totaled \$23,774 and \$25,334, respectively.

See independent auditors' report and notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

## Introduction

Cane River Children's Services, Inc. ("Agency") was incorporated as a non-profit corporation on May 18, 1978, under the laws of the State of Louisiana. The Agency maintains and operates residential group homes for undomiciled and troubled youth, provides support for transitional living for girls as placed by the State of Louisiana, and provides therapeutic foster care and counseling, as authorized by its charter. The agency operates under a ten-member Board of Directors. Revenues are derived primarily from the Title IV-E Foster Care Program passed through the State of Louisiana, Department of Social Services, as well as Crime Victim Assistance grants, Medicaid, and contributions from the general public.

### 1. Summary of Significant Accounting Policies:

The accounting and reporting policies of Cane River Children's Services, Inc., conform to generally accepted accounting principles as applicable to non-profit organizations, and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

A. Financial Statement Presentation - Effective July 1, 2018, the Agency has adopted FASB Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Agency is required 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 Agency's management and the board of directors. The revenues received and expenses incurred in conducting the mission of the Agency are included in this category. The Agency has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Agency; therefore, the Agency's policy is to record these net assets as without donor restrictions.
- 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 Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

As of June 30, 2023 and 2022, all net assets were without donor restrictions.

B. Basis of Accounting - The Agency uses the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

1. Summary of Significant Accounting Policies (continued):

- C. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures 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.
- D. Capital Assets - Capital assets purchased with unrestricted funds are recorded at cost when purchased or at market value at time of donation. Depreciation on all exhaustible fixed assets is charged as an expense against the operations of the Agency. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years. Accumulated depreciation was \$1,334,741 at June 30, 2023, and \$1,265,399 at June 30, 2022.
- E. Income Taxes - The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as "other than a private foundation". Therefore, no provision for income taxes has been made in the financial statements, but the Agency is required to file an annual information tax return. The Agency's Form 990, *Return of Organization Exempt from Income Tax* remains subject to examination by the IRS, generally for three years after filing. There was no unrelated business income for the period ending June 30, 2023, which is not covered by this exemption.
- F. Unpaid Accumulated Vacation Pay - Employees of the Agency earn one to two days of vacation per month depending upon the number of years of employment, beginning on the seventh month of employment. At the end of each year, employees may carry forward vacation time earned but not taken, up to a maximum of 360 hours. Subject to this limitation, unused vacation pay is paid to employees upon separation at hourly rates being earned. Due to the immateriality of this amount in relation to total agency payrolls, no accrual has been made for accumulated vacation pay.
- G. Cash and Equivalents - For the purpose of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.
- H. Functional Allocation of Expenses - Functional expenses are allocated between program services and supporting services. Supporting services include fundraising and general and administrative activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Agency. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function, which require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, and benefits are allocated on the basis of estimates of time and effort.
- I. Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Agency's financial position and results of operations. Certain reclassifications from prior year information were made to conform to current year presentation.

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

1. Summary of Significant Accounting Policies (continued):

- J. Revenue Recognition – In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) NO. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, both adopted by the Agency in 2019, the Agency recognizes grant revenue as exchange transactions, which revenue is recognized as it is earned in accordance with approved grant contracts. Based on the Agency's evaluation process and review of its grant contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards.
- K. Advertising Costs - Advertising costs are expensed as incurred. For the year ended June 30, 2023, the Agency had advertising costs of \$652. For the prior year, the Agency had no advertising costs.
- L. Accounting Pronouncements Implemented in Current Year - In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations from the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard is effective for annual periods beginning after December 15, 2021. The Agency implemented this standard in the current year; however, this pronouncement had no effect on its financial statements because the Agency has no lease contracts.

2. Cash and Cash Equivalents:

At June 30, 2023, cash and cash equivalents totaled \$133,076, including \$800 petty cash (book balances). Bank balances totaled \$151,320 at June 30, 2023, all of which are secured by FDIC Insurance.

Resident funds are maintained in separate non-interest bearing checking accounts as required by contractual guidelines. Cash and cash equivalents at June 30, 2023, included \$15,683 in restricted deposits.

3. Revenue Receivable and Long-Term Receivable:

Revenue receivable and long-term receivable represent the amounts due from the Agency's contracts with the State of Louisiana, DCFS, AmeriGroup and Louisiana Healthcare Connections, as third-party reimbursements for services rendered to clients. Receivables are stated at the amount management expects to collect from outstanding balances. Amounts expected to be collected within one year are reported as current assets (\$151,491 as of June 30, 2023), while amounts that are in the collection process but not anticipated to be collected within one year are reported as non-current assets (\$103,383 as of June 30, 2023). Balances that are still outstanding after management has exhausted all reasonable collection efforts are written off using the direct write-off method.

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

4. Asset Liquidity and Availability of Resources:

The Agency regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its regular, recurring, and ongoing program service activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. The Agency anticipates revenues to be sufficient to meet its general expenditure needs.

As of June 30, 2023, the following financial assets could be made easily available within one year of the statement of financial position date to meet general expenditures:

Cash, cash equivalents and restricted cash	\$133,075
Revenue receivables (current)	<u>151,491</u>
Total financial assets, period end	\$284,566
Less, those unavailable for general expenditures within one year, due to:	
Restricted cash (Residents' deposits)	<u>(18,064)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$266,502</u>

As part of its liquidity management, the Agency has a policy to structure its financial assets to be made available as general expenditures, liabilities, and other obligations become due. This policy includes utilization of resources such as established lines of credit described in Note 7, as well as management of major receivables.

5. Fair Value of Financial Instruments:

The Agency's financial instruments consist of cash, receivables and mortgage notes payable. The carrying value of these instruments approximates their fair values.

The Agency has adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements". Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Agency-specific data. These unobservable assumptions reflect the Agency's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

6. Fixed Assets:

The following is a summary of changes in fixed assets for the Agency for the two-year period ended June 30, 2023:

	Balance 6-30-21	Additions	Deletions	Balance 6-30-22	Additions	Deletions	Balance 6-30-23
Fixed Assets, Not Depreciated-							
Land	\$ 321,078	\$ 0	\$0	\$ 321,078	\$ 0	\$0	\$ 321,078
Fixed Assets, Depreciated-							
Facility	1,658,605	2,324	0	1,660,929	73,484	0	1,734,413
Vehicles	105,709	0	0	105,709	0	0	105,709
Household Furniture	114,314	22,215	0	136,529	4,293	0	140,822
Office Furniture	109,394	3,177	0	112,571	0	0	112,571
Computers	32,760	0	0	32,760	9,607	0	42,367
Renovations-IL	96,620	0	0	96,620	0	0	96,620
Major Movables	<u>12,128</u>	<u>470</u>	<u>0</u>	<u>12,598</u>	<u>0</u>	<u>0</u>	<u>12,598</u>
Total Fixed Assets	\$2,450,608	\$ 28,186	\$0	\$2,478,794	\$ 87,384	\$0	\$2,566,178
Accumulated Depreciation	<u>1,199,970</u>	<u>65,429</u>	<u>0</u>	<u>1,265,399</u>	<u>69,342</u>	<u>0</u>	<u>1,334,741</u>
Net Fixed Assets-							
Totals	<u>\$1,250,638</u>	<u>\$(37,243)</u>	<u>\$0</u>	<u>\$1,213,395</u>	<u>\$ 18,042</u>	<u>\$0</u>	<u>\$1,231,437</u>

Depreciation expense in the amount of \$69,342 and \$65,429 was recorded for the years ended June 30, 2023 and June 30, 2022, respectively.

7. Long-Term Liabilities:

On October 9, 2014, the Agency executed a loan agreement and promissory note with BOM Bank for \$500,000, with an interest rate of 4.25%. The original loan was to be repaid in 59 regular payments of \$3,070 and one irregular last payment estimated at \$414,679, due on October 9, 2019. The maturity date was extended to October 9, 2024. The interest rate increased to 5.25% in 2018. The interest rate was reduced to 4.0% in April, 2021. The proceeds from this loan were used to pay off three existing loans with the Bank of Montgomery. This loan is collateralized by the property located at 425 Rue de Gabriel in Natchitoches, Louisiana. The balance of this loan at June 30, 2023, was \$328,226.

The Agency executed a second loan agreement with BOM Bank on October 9, 2014, for \$300,000, with an interest rate of 4.25%. The loan was to be repaid in 59 regular payments of \$1,858 and one irregular last payment estimated at \$248,807, due on October 9, 2019. The maturity date was extended to October 9, 2024. The interest rate increased to 5.25% in 2018. The interest rate was reduced to 4.0% in April, 2021. The proceeds from this loan were used to pay off an existing loan with LA Capital Federal Credit Union and an existing loan with Bank of Montgomery. This loan is collateralized by property located at 4275 University Parkway, Natchitoches, Louisiana. The balance of this loan at June 30, 2023, was \$197,061.

The Agency was issued proceeds from an existing line of credit with BOM Bank which originated on December 12, 2013. The current rate of interest on this line of credit is 4.0%. This loan is collateralized by property located at 425 Rue de Gabriel, Natchitoches, Louisiana. The balance of this line of credit at June 30, 2023, was \$0.

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

7. Long-Term Liabilities (continued):

The Agency executed a loan agreement with BOM Bank dated January 7, 2019, in the amount of \$102,239 with an interest rate of 5.50%. The loan is to be repaid in 60 payments of \$1,953 with a final payment due on January 7, 2024. The interest rate was reduced to 4.0% in April, 2021. The proceeds of this loan were used to cover operating costs and to pay off the previous mortgage on the property located at Fourth Street. This loan is collateralized by properties located at 425 Rue de Gabriel and 4275 University Parkway, in Natchitoches, Louisiana. The balance of this loan at June 30, 2023 was \$35,756.

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount Due</u> <u>in one Year</u>
Notes Payable to BOM Bank:					
- Note #35 Line of Credit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
- Note #40 Refinance	354,025	0	(25,799)	328,226	27,085
- Note #45	212,536	0	(15,475)	197,061	16,246
- Note #55	<u>52,438</u>	<u>0</u>	<u>(16,682)</u>	<u>35,756</u>	<u>35,755</u>
Total	<u>\$618,999</u>	<u>\$ 0</u>	<u>\$(57,956)</u>	<u>\$561,043</u>	<u>\$79,086</u>

The fair value of the above loans is estimated based on the current rates offered to the Agency for debt of the same remaining maturities. At June 30, 2023, the fair value of long-term debt approximates the amounts recorded in the financial statements. The annual requirements for these notes, including interest, are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2024	\$ 79,086	\$21,038	\$100,124
6/30/2025	<u>481,957</u>	<u>6,352</u>	<u>488,309</u>
	<u>\$561,043</u>	<u>\$27,390</u>	<u>\$588,433</u>

8. Retirement Commitments:

The Agency offers employees the option of participating in an employee-sponsored Simple IRA retirement plan with American Funds. The plan allows employees to make contributions to the plan at time of hire. After the six months' probation period, the Agency will match up to three percent of the employee's salary to the plan. For the year ended June 30, 2023, Cane River Children's Services, Inc.'s contribution amount was \$3,941 and employee contributions totaled \$9,020.

9. Related Parties:

The Agency has deposits of \$79,521 and loans in the amount of \$561,042 at BOM Bank. One of the Agency's board members has an immediate family member who is an officer at BOM Bank. The Agency has a long-standing relationship with the bank and has experienced no adverse effects from any potential related-party transactions.

10. Pending Litigation:

Cane River Children's Services, Inc. has no legal action pending at June 30, 2023.

Cane River Children's Services, Inc.  
Notes to Financial Statements  
June 30, 2023

11. Lease Commitments:

Cane River Children's Services, Inc. has no lease commitments at June 30, 2023.

12. Compensation Paid to Board Members:

The members of the Board of Directors serve as volunteers and receive no compensation.

13. Concentrations and Economic Dependency:

The Agency receives the majority of its revenue from funds provided through federal and state grants administered by the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly. Either of these conditions could have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Agency will receive in the next fiscal year.

15. Subsequent Events:

Management has evaluated subsequent events through December 21, 2023, the date which the financial statements were available to be issued, and determined that there were no items to be reported as subsequent events.

REQUIRED SUPPLEMENTARY INFORMATION

Cane River Children's Services, Inc.  
 Schedule of Compensation, Benefits and Other Payments to  
 Agency Head or Chief Executive Officer  
 For the Year Ended June 30, 2023

Louisiana Revised Statute 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statement of local government and quasi-public auditees. In 2016, Act 462 of the 2016 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

Agency Head Name: Jennifer Johnson Karle, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$90,968
Benefits - Retirement	2,680
Benefits - SS/Medicare	6,959
Cell Phone	1,572

Cane River Children's Services, Inc.  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing	Pass-Through Entity No.	Federal Revenue/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
Pass-through from State Department of Social Services:			
Resident Treatment Services for Foster Children - ARRA (Title IV - Foster Care)	93.658	010008200	\$ 927,338
<u>U. S. Department of Justice</u>			
Pass-through from Louisiana Commission on Law Enforcement:			
Crime Victim Assistance	16.575	2020-VA-01/02-6764	\$ 127,311
Crime Victim Assistance	16.575	2021-VA-04/03-7201	<u>29,911</u>
Total for U.S. Department of Justice			\$ 157,222
TOTAL FEDERAL EXPENDITURES			<u>\$1,084,560</u>

See independent auditors' report.

Cane River Children's Services, Inc.  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Cane River Children's Services, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cane River Children's Services, Inc. has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Subrecipients, Non-Cash Assistance, Federal Insurance, Loans, and Loan Guarantees

Cane River Children's Services, Inc. did not provide any federal funds to subrecipients nor did they receive any federal non-cash assistance, insurance, loans, or loan guarantees.

OTHER REPORTS/SCHEDULES

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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

To the Board of Directors of  
Cane River Children's Services, Inc.

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 and the *Louisiana Governmental Audit Guide*, the financial statements of Cane River Children's Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 December 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cane River Children's Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cane River Children's Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cane River Children's Services, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we consider the deficiency described as *Item 2023-001 - Segregation of Duties* to be a significant deficiency.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cane River Children's Services, Inc.'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*.

## Cane River Children's Services, Inc.'s Response to Finding

Cane River Children's Services, Inc.'s response to the finding identified in our audit is described in the accompanying Management's Corrective Action Plan. Cane River Children's Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion thereon.

## 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 purposes. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

December 21, 2023

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors of  
Cane River Children's Services, Inc.  
Natchitoches, LA 71457

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Cane River Children's Services, Inc. (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2023. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cane River Children's Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cane River Children's Services, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cane River Children's Services' federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable use of the report on compliance about the Agency's compliance with the requirement of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

December 21, 2023

Cane River Children's Services, Inc.  
 Schedule of Findings and Questioned Costs  
 June 30, 2023

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statement**

Type of Auditors' Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness?	Yes (2023-001)
Noncompliance Material to Financial Statements Noted?	No

**Federal Awards Section**

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Type of Auditors' Report Issued on Compliance for Major Federal Programs	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No
Identification of Major Program:	
- Residential Treatment Services for Foster Children Federal Assistance Listing 93.658	
Dollar Threshold used to Determine Type A Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee:	No

Cane River Children's Services, Inc.  
Schedule of Findings and Questioned Costs (continued)  
June 30, 2023

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Internal Control-

*2023-001 Segregation of Duties*

*Criteria* - Cane River Children's Services, Inc. should have employees available to execute the ongoing duties related to financial matters.

*Condition* - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements, including the related note disclosures.

*Cause* - Due to a lack of funds, Cane River Children's Services, Inc. does not have a sufficient number of employees to adequately separate accounting duties or to prepare the agency's annual financial statements with related note disclosures.

*Effect* - Intentional or unintentional errors could be made and not detected within the accounting system.

*Recommendation* - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

The following findings relate to the major federal award program for Cane River Children's Services, Inc.:

*None identified.*



P.O. Box 2453 Natchitoches, LA 71457-2453 Phone: (318) 352.9349 Fax: (318) 352.9345

December 21, 2023

Louisiana Legislative Auditor  
1600 North Third Street  
Baton Rouge, LA 70802

Re: Cane River Children's Services, Inc.  
Financial Report – June 30, 2023

Legislative Auditor's Office:

The following is our response to the audit findings issued to us by the firm of Thomas, Cunningham, Broadway & Todtenbier, *Certified Public Accountants*, for the year ended June 30, 2023:

Management's Corrective Action Plan:

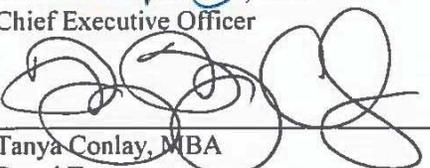
*2023-001 Segregation of Duties*

Cane River Children's Services, Inc. is a small non-profit organization with limited revenue and personnel. Although there are multiple checks and balances within the various accounting functions, the limited size of our organization continues to restrict the reasonable use of hiring additional personnel to address this audit finding. The Board regularly reviews the financial statements and accepts responsibility for their contents and presentation.

Thank you for your assistance and oversight in providing quality auditing guidelines. Please contact us if there are any questions regarding our response.

Sincerely,

  
\_\_\_\_\_  
Jennifer Johnson Karle, MEd  
Chief Executive Officer

  
\_\_\_\_\_  
Tanya Conlay, MBA  
Board Treasurer

Cane River Children's Services, Inc.  
Summary of Prior Year's Findings  
June 30, 2023

SECTION I: SCHEDULE OF FINANCIAL STATEMENT FINDINGS

*2022-001 Segregation of Duties*

*Condition* - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

*Current Status* - For the year ended June 30, 2023, this condition was not cleared. See finding *2023-001*.

SECTION II: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None identified.

**T | C | B | T**  
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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
STATEWIDE AGREED-UPON PROCEDURES**

To Cane River Children’s Services, 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 July 1, 2022 through June 30, 2023. The management of Cane River Children’s Services, Inc. (Agency) is responsible for those C/C areas identified in the SAUPs.

The Agency has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**Written Policies and Procedures**

---

- 1) Obtain and inspect the entity’s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations).
  - **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - **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.
  - **Disbursements**, including processing, reviewing, and approving.
  - **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).

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **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.
- **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.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### **Board or Finance Committee**

---

- 2) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
  - 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.
  - For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparison on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-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.*
  - For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

- 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.

*Procedure Results: No exceptions were noted as a result of these procedures.*

### **Bank Reconciliations**

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- 3) Obtain a listing of client 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 if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - Bank reconciliations include written evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*Procedure Results: No exceptions were noted as a result of these procedures.*

### **Collections (excluding EFTs)**

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- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).
- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6) Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

- 7) Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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.
  - Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - Trace the deposit slip total to the actual deposit per the bank statement.
  - 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).
  - Trace the actual deposit per the bank statement to the general ledger.

*Procedure Results: No exceptions were noted as a result of these procedures.*

**Non-Payroll Disbursements – General (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

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- 8) Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9) For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
  - 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.
- 10) For each location selected under #8 above, obtain the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management’s representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Observe that the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- 11) Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (1) 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.

*Procedure Results: No exceptions were noted as a result of these procedures.*

### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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- 12) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and 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.
- 13) Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder; and
  - Observe that finance charges and late fees were not assessed on the selected statements.
- 14) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Procedure Results: No exceptions were noted as a result of these procedures.*

### **Travel and Expense Reimbursement**

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- 15) Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

- If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1).
- Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Procedure Results: No exceptions were noted as a result of these procedures.*

## **Contracts**

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

- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- 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.

*Procedure Results: No exceptions were noted as a result of these procedures.*

## **Payroll and Personnel**

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17) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

18) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
- Observe that supervisors approved the attendance and leave of the selected employees/officials;
- Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
- Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

- 19) Obtain a listing of those employees/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 authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- 20) Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### **Ethics**

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- 21) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain ethics compliance documentation from management, and:
  - Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's policy during the fiscal period, as applicable.
- 22) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

***Procedure Results: No exceptions were noted as a result of these procedures.***

### **Debt Service (excluding nonprofits)**

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- 23) Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- 24) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***Procedure Results: These procedures are not applicable to nonprofit corporations.***

### **Fraud Notice**

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- 25) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- 26) 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.

***Procedure Results: No exceptions were noted as a result of these procedures.***

## **Information Technology Disaster Recovery/Business Continuity**

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- 27) Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- Observe 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.
  - 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 in the past 3 months.
  - 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.
- 28) Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

***Procedure Results: We performed the procedures and discussed the results with management.***

## **Prevention of Sexual Harassment**

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- 29) Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, 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.
- 30) 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).
- 31) 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:
- Number and percentage of public servants in the agency who have completed the training requirements;
  - Number of sexual harassment complaints received by the agency;
  - Number of complaints which resulted in a finding that sexual harassment occurred;
  - Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - Amount of time it took to resolve each complaint.

***Procedure Results: No exceptions were noted as a result of these procedures.***

We were engaged by the Agency 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 Agency 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.

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