

**Empower 225**

**Baton Rouge, Louisiana**

**Annual Financial Report**

**For the year ended December 31, 2021**

**Empower 225**  
**Baton Rouge, Louisiana**  
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December 31, 2021

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### **Independent Auditor's Report**

To the Board of Directors of  
Empower 225  
Baton Rouge, Louisiana

I have audited the accompanying financial statements of Empower 225 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Empower 225 as of December 31, 2021, 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***

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Empower 225 and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Empower 225'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***

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- 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 Empower 225'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 Empower 225's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### ***Supplementary Information***

My 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 and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 my opinion, Schedule of Compensation, Benefits and Other Payments to Agency Head and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Matter – Summarized Comparative Information***

I have previously audited Empower 225's December 31, 2020 financial statements, and I expressed an unmodified opinion on those audited financial statements in my report dated June 30, 2022. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2022, on my consideration of Empower 225's internal control over financial reporting and on my 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 Empower 225'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 Empower 225's internal control over financial reporting and compliance.

*David A Dominique LLC*

Denham Springs, La

June 30, 2022

## **Financial Statements**

**Empower 225**  
**Baton Rouge, Louisiana**  
Statement of Financial Position  
December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents, without donor restrictions	\$ 230,583
Cash and cash equivalents, with donor restrictions	124,781
Grant reimbursement receivable	73,960
Accrued program revenue	18,403
Prepaid expenses	<u>43,305</u>

TOTAL CURRENT ASSETS 491,032

PROPERTY AND EQUIPMENT, net of depreciation 589,582

TOTAL ASSETS \$ 1,080,614

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	15,559
Credit cards	51,414
Payroll related liabilities	35,359
Accrued leave	17,045
Other liabilities	4,261
Current portion of long-term debt	<u>20,015</u>

TOTAL CURRENT LIABILITIES 143,653

LONG-TERM DEBT, less current portion 235,863

TOTAL LIABILITIES 379,516

NET ASSETS

Without donor restrictions	576,317
With donor restrictions	<u>124,781</u>

TOTAL NET ASSETS 701,098

TOTAL LIABILITIES AND NET ASSETS \$ 1,080,614

**Empower 225**  
**Baton Rouge, Louisiana**  
Statement of Activities  
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions & private grants	\$ 788,064	\$ 100,080	\$ 888,144
Direct and pass-through federal awards	1,560,274	-	1,560,274
State grant revenue	47,019	-	47,019
Program revenue	101,501	-	101,501
In-kind contributions	354,220	-	354,220
Insurance dividend	7,663	-	7,663
Refunds	(5,181)	-	(5,181)
	2,853,560	100,080	2,953,640
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of program restrictions	72,877	(72,877)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>2,926,437</b>	<b>27,203</b>	<b>2,953,640</b>
<b>EXPENSES</b>			
Program services	2,109,192	-	2,109,192
Management and general	591,668	-	591,668
Fundraising	36,258	-	36,258
<b>TOTAL EXPENSES</b>	<b>2,737,118</b>	<b>-</b>	<b>2,737,118</b>
<b>CHANGE IN NET ASSETS</b>	189,319	27,203	216,522
<b>NET ASSETS, beginning of year</b>	<b>386,998</b>	<b>97,578</b>	<b>484,576</b>
<b>NET ASSETS, end of year</b>	<b>576,317</b>	<b>124,781</b>	<b>701,098</b>

See accompanying notes and independent auditor's report

**Empower 225**  
**Baton Rouge, Louisiana**  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	<u>Program</u>				<u>Support</u>		<u>Total</u>
	<u>Advocacy</u>	<u>Hope</u>	<u>Housing</u>	<u>Independent Living</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	
Client Support & Related Program Expenses	94,244	43,715	204,110	24,207	-	-	366,276
Depreciation	-	-	22,820	-	-	-	22,820
Insurance	30,398	14,481	23,248	3,642	3,462	-	75,231
Interest Expense	-	-	10,646	-	-	-	10,646
Meetings, Travel, & Education	9,957	11,242	4,707	903	6,154	-	32,963
Miscellaneous	663	-	-	195	14,281	2,080	17,219
Office, Computer, and Other Supplies	37,576	1,218	5,995	11,166	49,674	383	106,012
Other Direct Program Expenses	1,119	-	7,580	12,387	-	-	21,086
Payroll & Other Related Expense	594,316	171,919	361,543	184,460	310,935	33,795	1,656,968
Professional Fees	17,953	3,088	3,088	1,990	36,439	-	62,558
Rent, Utilities, & Parking	-	-	10,504	-	615	-	11,119
In-Kind Expenditures	33,281	41,012	84,069	25,750	170,108	-	354,220
<b>Total Expenses</b>	<b><u>819,507</u></b>	<b><u>286,675</u></b>	<b><u>738,310</u></b>	<b><u>264,700</u></b>	<b><u>591,668</u></b>	<b><u>36,258</u></b>	<b><u>2,737,118</u></b>

See accompanying notes and independent auditor's report

**Empower 225**  
**Baton Rouge, Louisiana**  
Statement of Cash Flows  
For the Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ 216,522
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	22,820
Net (Increase) Decrease in:	
Accounts receivable and contract assets	29,629
Grant reimbursement receivable	72,479
Prepaid expenses	(30,562)
Net Increase (Decrease) in:	
Accounts payable and credit card liabilities	29,298
Deferred revenue	(13,701)
Contingent liabilities	3,341
Payroll related liabilities	(9,319)
Accrued leave	(11,983)
Net cash provided by operating activities	<u>308,524</u>
Cash flows from investing activities	
Roof replacement	<u>(99,948)</u>
Net cash used in investing activities	<u>(99,948)</u>
Cash flows from financing activities:	
Principal payments on note payable	<u>(18,505)</u>
Net cash used in financing activities	<u>(18,505)</u>
Net change in cash, cash equivalents, and restricted cash	190,071
Cash, cash equivalents, and restricted cash at beginning of year	165,293
Cash, cash equivalents, and restricted cash at end of year	355,364
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	10,646

See accompanying notes and independent auditor's report

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

**1. Organization and Nature of Activities**

Empower 225 (the Organization) is a nonprofit corporation founded in September 2010 (initially as Healing Place Serve). Our mission is to empower youth in the capital region who are at-risk of homelessness and dependency, to reach their highest potential through educational support, life-skills training, career preparedness, housing and mentorship. Our goal is to connect the youth with positive adult role models and help them develop in these four areas: Education, employment, stable housing, and life skills. We strive to achieve these goals by establishing community-based partnerships and developing indigenous leadership. We work to provide and coordinate supportive services to ensure wrap-around care, recruits and trains volunteers to implement ‘Best-Practices Programs’ & secure additional resources for the community. Our target populations include: Homeless and runaway youth, youth in foster care, young adults who age out of foster care, youth involved with juvenile justice and victims of sexual trafficking. We have developed various programs around the needs of our target populations. We also have programs to build greater awareness and better response to the problem of child trafficking, coordinates foster care and adoption events, and provides housing for homeless individuals. Our Organization is funded by donations, grants, and revenue collected in furtherance of our mission.

**Components of Program Services**

**Advocacy**

The Foster Care/Adoption initiative provides awareness and advocacy for youth in care and available for adoption; recruits, secures, and trains foster and adoptive parents; and provides support and training for caregivers and birth parents. My Community Cares is a pilot program that provides a holistic approach with advocacy and services to a youth and their family in an effort to keep them out of state custody.

**HOPE [anti-trafficking initiative]**

The HOPE Team provides supportive services and mentoring to victims of human trafficking. It also facilitates training for those who serve these victims including law enforcement, medical employees and state officials.

**Housing**

Anchor House provides stable housing and support for homeless or at-risk male youth ages 16-21. It is an eight-bed family-style transitional living program used to create a supportive home environment. The Rapid Rehousing Program provides short-to-medium term housing assistance for qualifying homeless youth ages 18-24. Participants are assigned through the statewide Coordinated Entry program. The Basic Center Program provides emergency housing for youth ages 12-17 through a host home model for up to 21 days, all in an effort to provide reunification.

**Independent Living**

The Empower 225 Leadership Academy helps youth ages 13 – 24 become leaders through Educational Support, Life Skills Training, and Employment Training. The Dream Center Accelerate Program (DAP), an after-school program that provides a safe positive place and educational support for at-risk youth ages 13-18 after school and during the summer. CILP program provides life skills training for youth ages 14-21 in foster care or aged out of foster care. the 225 Employment Program, an 8-week curriculum to prepare young adults ages 18-24 to obtain and retain successful employment. The AMPP program works with youth ages 12-17 who have been exposed to violence and/or part of the juvenile justice system with the intent of providing alternative pathways to violence and provide wrap around services for the family.

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

**Education**

Empower Academy provides an educational environment for students in grades 6<sup>th</sup> – 12<sup>th</sup>. The Adult Education/Work Ready U program provides students with the opportunity to achieve their HISET and workforce preparedness.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation and Use of Estimates*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the prepares its financial statements and the reported amounts of revenue and expenses during the reporting period.

*Net Asset Presentation*

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. This class also includes restricted gifts whose donor-imposed restrictions were met within the same year as received the donated assets for either specified or unspecified purposes.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are those resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations.

*Cash and cash equivalents*

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. The following is the composition of the combined amounts appearing in the financial statements.

	Without restrictions	With restrictions	Total Cash
Money in checking accounts	\$ 229,518	\$ 124,781	\$ 354,299
Petty cash	1,065	-	1,065
Total cash and cash equivalents	230,583	124,781	355,364

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

Total cash reported on statement of financial position	230,583	124,781	355,364
Total cash reported on statement of cash flows			355,364

***Account, grant, and contribution receivable***

The Organization determines past due accounts based on contractual terms and does not charge interest on the accounts. The Organization charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management estimates no allowance for doubtful accounts is necessary as of December 31, 2021.

***Property and Equipment***

Property and equipment are stated at historical cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than \$5,000 are expensed. Depreciation of property and equipment is computed over the estimated useful lives of the assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. The following is a summary of the estimated useful lives used:

Buildings and improvements	39 Years
Leasehold improvements	15-39 Years
Equipment	3-5 Years
Vehicles	5-7 Years

***Revenue Recognition***

The Organization receives revenue from contributions (donations, private grants, fundraising revenue, and federal and state grant awards) and from contracts with its customers for services in furtherance of its mission (program service revenue).

***Contributions and promises to give***

Contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions, in the period received or in the period in which an unconditional promise to give such contribution is received.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions. The same treatment applies for reporting investment gains and income.

***Donated services, property, and facility use***

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

In-kind contributions consist of donated services, property, and facility use received by the Organization. Donated property and facility use are recorded as both revenue and expense at their estimated fair values at the date of receipt. Donated property with a long useful life is recorded as revenue and as a long-lived asset at the estimated fair value.

The Organization recognizes contribution revenue for certain services received at their estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

*Revenue from exchange transactions*

Revenue from exchange transactions are accounted for in accordance with Accounting Standard Codification (ASC) Topic 606, Revenue from Contracts with Customers, reporting revenue as an increase in net assets without donor restrictions in the period in which the performance obligation under contracts with customers are satisfied.

*Income Taxes*

The Organization is exempt from income tax under Section 501(c)(3) of the internal Revenue Code. The Organization applies and accounting guidance related to accounting for uncertain tax positions. In management's judgment, the organization does not have any tax positions that would result in a loss contingency considering the facts, circumstances, and information available at the reporting date. The federal tax years open for assessment are ending on or after December 31, 2018.

*Functional Allocation of Expenses*

The costs of providing the program and support functions have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses.

Major categories of costs are allocated between program and support functions as follows: Payroll related costs are allocated based on the employees' responsibilities under each program. Other expenses are allocated to the classification that the expenditure most directly benefits.

*Compensated Absences*

An employee who works 20 to 40 hours per week will accrue vacation time. Annual leave may be rolled into the following year.

*Impairment of Long-Lived Assets*

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no such impairment for the year ended December 31, 2021.

***Advertising***

Advertising costs are expensed as incurred. There were no advertising costs for the year ended December 31, 2021.

***Cost Allocation***

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include, among others, compensation and benefits, which are allocated on the basis of estimates of time and effort and occupancy costs and depreciation, which are allocated on a square footage basis.

***Fair Value Measurement***

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**3. Liquidity and Availability of Financial Assets**

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets, at year end	
Cash and cash equivalents	\$ 355,364
Accounts receivable	0
Grant reimbursement receivable	73,960
Accrued contract revenue	18,403
<b>Total</b>	<u>447,727</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	(124,781)
<b>Total</b>	<u>322,946</u>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>322,946</b>

It is the Organization's policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management estimates the available financial assets are sufficient to meet operating needs.

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

**4. Revenue Recognition**

*Revenue from contributions*

Revenue from contributions consisted of donations from the general public, private grant awards, and federal and state grant awards.

Federal and state grant awards received are generally cost-reimbursement arrangements, whereby the contributions under the grant award are conditioned on the Organization incurring expenses allowable under the terms of the grant.

Unreimbursed expenses that have been incurred but not yet reimbursed are reported as **Grant Reimbursement Receivable** on the Statement of Financial Position. Contributions received under the grant award prior to the expenditures being incurred are reported as **Deferred Grant Revenue** on the Statement of Financial Position.

*Revenue from exchange transactions*

The Organization reported \$93,413 revenue from a contract with the Louisiana Department of Children and Family Services (DCFS) to provide housing services for youth in foster care. DCFS pays the Organization approximately \$126 per day per DCFS client served. Consideration on this contract is not variable as the fee for the services is fixed based on the number of days services are provided. Performance is measured by the number of days housing services are provided to DCFS clients and is recognized in the period in which the housing services are provided. Invoices are normally submitted monthly for services rendered in the prior month.

The Organization also reported \$8,088 revenue from other program activities. Consideration on these contracts were not variable as the transaction price is fixed based on the amount of expenditures incurred and based upon the agreed-upon price. Performance is measured by the amount of expenditures incurred on behalf of the nonprofit corporation and the completion of the services provided and is recognized in the period in which the expenditures are incurred and services are provided.

*Contribution and contract assets and liabilities*

The timing of revenue recognition, billings, and cash collections results in Accounts Receivable (amounts billed but not collected for contract services), Grants Reimbursement Receivable (amounts billed and unbilled for reimbursement of expenditures allowable under grant award terms), and Deferred Revenue (support received subject to conditions that have not yet been satisfied).

Amounts from contracts are billed as work progresses in accordance with agreed-upon contractual terms at periodic intervals (monthly). Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the organization's policy to charge off uncollectible receivable when management determines the receivable will not be collected.

Amounts from grant awards are drawn down at the discretion of management after allowable costs have been incurred, generally on a bi-weekly basis.

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**Notes to the Financial Statements**  
December 31, 2021

Generally, billing occurs subsequent to revenue recognition, resulting in accrued revenue assets. However, the Organization sometimes draws down more on grant awards than expended resulting in deferred revenue liability. This deferred revenue liability is satisfied and revenue recognized as allowable costs are incurred.

Assets and liabilities arising from contributions and contracts with customers were as follows for 2021:

	December 31, 2021	December 31, 2020
Accounts receivable	\$ 0	\$ 20,815
Accrued contract revenue	18,403	27,217
Grant reimbursement receivable	73,960	146,439
Deferred revenue	0	13,701

All accounts and grants receivable as of December 31, 2021, are expected to be collected within one year.

**5. Property and Equipment**

Depreciation expense for the year was \$20,803. A summary of property and equipment as of December 31, 2021, is as follows:

	2021	2020
Buildings and improvements (collateral, see Note 4)	\$ 560,649	\$ 560,649
Leasehold improvements	181,409	81,461
Equipment	6,659	6,659
Vehicles	55,223	55,223
Total	803,940	703,992
Less: accumulated depreciation	(214,358)	(191,538)
Property and equipment, net	\$ 589,582	\$ 512,454

**6. Notes Payable & Interest expense**

The Organization has one note payable that is secured by a mortgage on the Organization's Anchor House. The balance of this note as of December 31, 2021, was 255,878.

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

The note originally matured on October 12, 2022, but was refinanced on April 26, 2022, with a 4.00% interest rate, installments of \$2,533.70 and a maturity date of 4/26/2027, with an expected principal obligation of \$139,438 then owed.

Total Interest costs for the year was \$10,646 which was entirely charged as an expense on the Statement of Activities.

**7. Net assets with donor restrictions**

Net assets with donor restrictions consisted of the following:

	<b>2021</b>
Huey and Angela Wilson Foundation	
Restricted for operations on the 225 Employment Program	8,649
Restricted for use on the Family Support Collaborative Program	16,052
Restricted for use on the Wilson Tech Program	30,280
Restricted for use on the Home School Project	69,800
Total	\$ 124,781

**8. Donated services, property, and facility use**

The organization reported \$354,220 in donated services, property, and facility use as support revenue on its Statement of Activities. This consisted of services, other property, and facility use that the Organization valued at \$354,220 which is reported as part of the expenses on the Statement of Activities.

The Statement of Functional Expenses reports donated services, property, and facility use on a single line disaggregated by function. Donated services, property, and facility use (In-Kind Expenditures) are further disaggregated below:

	Advocacy	Hope	Housing	Independent Living	Management & General	Total
Facility use	\$ 28,830	\$ 32,190	\$ 36,045	\$ 17,117	\$ 145,125	\$ 259,307
Services	100	5,106	-	-	11,342	16,548
Supplies	4,351	3,716	48,024	8,633	13,641	78,365
Total	33,281	41,102	84,069	25,750	170,108	354,220

Donated facility use consists of the following office, program activity, special event and storage space donated to the Organization for use rent-free by Healing Place Church:

**Empower 225**  
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19202 Highland Road, Baton Rouge, LA 70809  
4829 Winbourne Ave, Baton Rouge, LA 70805 (Baton Rouge Dream Center)  
569 Florida Ave SW, Denham Springs, LA 70726

The Organization’s president is a pastor at Healing Place Church.

In addition to recognized donated facilities and services, the Organization received donated housing and services not recognized under generally accepted accounting principles valued at \$257,952

The contributed housing and services were used to expand the capability and reach of the Organization in providing services for program participants.

**9. Fair Value measurements**

Fair values of assets measured at December 31, 2021 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Recurring measurements</u>				
None				
 <u>Nonrecurring measurements</u>				
Vehicle held for use	\$12,200		\$12,200	

The Organization valued a vehicle received as a donation based on similarly priced vehicles at the time of the date of donation in 2020.

**10. Significant estimates, concentrations and credit risk**

*Credit risk*

Financial instruments that are exposed to concentrations of credit risk consist of cash, and accounts receivable. The cash is held in FDIC insured banks. As of the end of the year, the cash held in the bank exceeded the FDIC limit by \$104,298. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Empower 225**  
**Notes to the Financial Statements**  
December 31, 2021

Receivables consist entirely of contract revenue and grant reimbursements due from federal and state agencies. The majority of these amounts are realizable when the Organization decides to draw down budgeted grant funds to recover the expenditures made towards the grant projects. No collateral is obligated by the promising agencies. Because the realization of the majority of these receivables is at the discretion of the Organization, there are no significant concentrations of credit risk exist with respect to the receivables.

*Significant Donors*

The Organization received \$58,450 in cash contributions from Healing Place Church. The Organization also receives in-kind contributions of facility use that management estimates to be valued at \$259,307 from Healing Place Church. The Organization also received \$500,000 in donations from the Neil and Teresa Williams Gift Fund and \$119,800 in grants Huey & Angelina Wilson Foundation. A decrease in future commitments from commitment from Healing Place Church or from key donors such as the Huey & Angelina Wilson Foundation could have a significant effect on operations.

*Other significant sources of revenue*

Direct and pass-through federal awards comprised approximately 50% of the Organization's revenue during 2021. Failure to secure additional federal awards could have a significant effect on operations.

*Significant estimates*

Significant estimates include the value of donated property, services, and facility use. During 2021, the Organization revalued its estimate of the donated facilities to be \$259,307 compared to a \$190,994 valuation for 2020.

**11. Contingencies**

The Organization recognized a \$4,261 liability as of the financial statement date for grant reimbursement. This amount was paid prior to the issuance of the financial statements.

**12. Fundraising expense**

Total fundraising expense for the year ended December 31, 2021, was \$36,258.

**13. Retirement plan**

The Organization sponsors a 401(k) plan that allows employees to make pre-tax contributions through salary reduction. Employees are eligible to participate after three months of employment with the Organization. The Organization does not match any contributions made by the employees or make nonmatching contributions.

**14. Subsequent Events**

Management has evaluated the subsequent events through June 30, 2022, the date that the financial statements were available to be issued.

## **Supplemental Information**

**Empower 225**  
**Baton Rouge, Louisiana**  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2021

Agency Head Name: Susan Rogers

<u>Purpose</u>	<u>Amount</u>
Salary and wages	\$ 70,256
Benefits - insurance	4,400
Expense reimbursements	701
	<u>\$ 75,357</u>

See accompanying notes and independent auditor's report

## **Other Reports and Schedules**

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

Board of Directors  
Empower 225  
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Empower 225 (the Organization), which comprise the statement of financial position as of December 31 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 30, 2022.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Empower 225's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Empower 225's internal control. Accordingly, I do not express an opinion on the effectiveness of Empower 225'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.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Empower 225's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*David A Dominique LLC*  
Denham Springs, Louisiana  
June 30, 2022

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of Empower 225  
Baton Rouge, Louisiana

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

I have audited Empower 225's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Empower 225's major federal programs for the year ended December 31, 2021. Empower 225's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Empower 225 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Empower 225 and to meet other ethical responsibilities, in accordance with relevant ethical requirements relating to the audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Empower 225'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 Empower 225's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

My 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 Empower 225's compliance based on my 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the

report on compliance about Empower 225's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I:

- 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 Empower 225's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Empower 225'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 Empower 225's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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 a 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.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during the audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My 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.

*David A Dominique LLC*  
Denham Springs, LA 70726  
June 30, 2022

**Empower 225**  
**Baton Rouge, Louisiana**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

<b>Federal Grantor/Pass-Through Grantor / Program Name</b>	<b>Grant Number</b>	<b>Assisted Listing Number</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Programs:			
Transitional Living Program	90CX7170-04-00	93.550 *	141,104
Transitional Living Program	90CX7170-05-00	93.550 *	60,920
COVID-19 - Transitional Living Program	90CX7170-03-01	93.550 *	5,175
COVID-19 - Transitional Living Program	90CX7170-04C3	93.550 *	27,321
Total Transitional Living Program			234,520
Street Outreach Program	90YO2318-03-00	93.557	126,174
Street Outreach Program	90YO2438-01-00	93.557	48,981
COVID-19 - Street Outreach Program	90YO2318-02-01	93.557	1,451
Total Street Outreach Program			176,606
Domestic Victims of Human Trafficking Program	90TV0021-04-00	93.327	15,965
Basic Center Grant	90CY7276-01-00	93.623	98,539
Basic Center Grant	90CY7276-02-00	93.623	39,440
Total Basic Center Program			137,979
Passed through:			
<i>Louisiana Department of Children and Family Services</i>			
Chafee Foster Care Independent Living Program	2000434211	93.674	141,483
Disaster Relief Act of 2019	1000234141	93.645	40,693
<b>Subtotal: U.S. Department of Health and Human Services</b>			<b>747,246</b>
<b><u>U.S. Department of Justice</u></b>			
Direct Programs			
Minor Victims of Human Trafficking	2019-VM-BX-0009	16.320 *	153,089
Human Trafficking Housing Assistance Program	2020-VTBX-0044	16.320 *	107,702
Total - Services for Trafficking Victims			260,791
Awareness, Mentorship, Prevention, Protection (AMPP) Violence Prevention Program	2020-CVFXK-008	16.818	184,426
<b>Subtotal: U.S. Department of Justice</b>			<b>445,217</b>
<b><u>U.S. Department of Housing &amp; Urban Development (HUD)</u></b>			
Direct Programs:			
Continuum of Care	LA0336L6H091901	14.267	90,380
Continuum of Care	LA0308L6H091902	14.267	113,045
Continuum of Care	LA0308L6H092003	14.267	87,034
Continuum of Care	LA0336L6H092002	14.267	70,546
Total Continuum of Care			361,005
<b>Subtotal: U.S. Department of Housing &amp; Urban Development (HUD)</b>			<b>361,005</b>
<b><u>U.S. Department of Education (DOE)</u></b>			
Passed through:			
<i>Louisiana Community &amp; Technical College System</i>			
Adult Education - State Grant Program	V002A210018	84.002A	<b>6,806</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,560,274</b>

\* Major programs

See accompanying notes to Schedules of Expenditures of Federal Awards

**Empower 225**  
**Baton Rouge, Louisiana**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2021

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Empower 225 under programs of the federal government for the year ended December 31, 2021. 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). Because the Schedule presents only a selected portion of the operations of Empower 225, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Empower 225.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

Empower 225 has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Empower 225**  
**Baton Rouge, Louisiana**  
 Schedule of Findings and Questioned Costs  
 Year Ended December 31, 2021

**A. SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

Type of auditor’s report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified..... No
- Significant deficiencies identified that are not considered to be material weaknesses..... No
- Noncompliance material to financial statements noted..... No

***Federal Awards***

Internal control over major programs

- Material weaknesses identified ..... No
- Significant deficiencies identified that are not considered to be material weaknesses..... No

Type of auditor’s report issued: *unmodified*

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)..... No

Identification of major programs

<i>Assisted Listing Number(s):</i>	<i>Name of Federal Program or Cluster</i>
93.550	Transitional Living Program
16.320	Services for Trafficking Victims

Dollar threshold used to distinguish between type A and type B programs \$750,000 or greater

Auditee qualified as low-risk auditee? Yes

**Empower 225**  
**Baton Rouge, Louisiana**  
Schedule of Findings and Questioned Costs  
Year Ended December 31, 2021

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2021.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no items identified in the course of testing during the year required to be reported.

**Empower 225**  
**Baton Rouge, Louisiana**  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2021

**SECTION I – FINANCIAL STATEMENT FINDINGS**

**Finding 2020-001 – Recording in-kind contributions**

**Condition:** This finding was a significant deficiency that the in-kind contributions could not be traced to an underlying ledger in a consistent manner across the organization.

**Current Status:** Resolved. Empower 225 has implemented procedures to improve the tracking of in-kind contributions so that the in-kind contributions can be reported across the organization in a consistent manner.

**Finding 2020-002–Allocation of Payroll Costs**

**Condition:** This finding was a significant deficiency stating that the timesheets submitted by administrative employees do not state the grant or programmatic activity on which the employees worked.

**Current Status:** Resolved. Empower 225 has implemented a procedure whereby management sets and periodically reviews the allocation of administrative payroll costs among cost objectives.

**SECTION II - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Finding 2019-006, 16.543 – Missing Children’s Assistance**

**Condition:** This finding stated that funds were not expended prior to the end of the period of performance.

**Current Status:** Resolved. Empower 225 returned funds not expended prior to the end of the period of performance.

**Finding 2019-007, 16.543 – Missing Children’s Assistance**

**Condition:** This finding stated that certain costs near the end of the grant project period and certain management and administrative payroll costs charged to the program were not adequately documented.

**Current Status:** Resolved. Empower 225 reimbursed a portion of costs that were identified.

**Finding 2020-003, 93.550 – Transitional Living Program**

**Condition:** This finding stated that services were provided services under the TLP program to two ineligible participants.

**Current Status:** Resolved. One of the participants left the program during 2020, and the other participant left prior to the issuance of the 2020 audit report.

**Empower 225**  
**Baton Rouge, Louisiana**  
Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2021

**Finding 2020-004, 93.550 – Transitional Living Program**

**Condition:** This finding stated that grant funds were received under a reimbursement arrangement prior to incurring the federal expense.

**Current Status:** Resolved. All federal funds were expended on allowable costs.

**Finding 2020-005, 93.550 – Street Outreach Program**

**Condition:** See finding 2020-002.

**Current Status:** Resolved. See finding 2020-002.

**Finding 2020-006, 93.550 – Street Outreach Program**

**Condition:** This finding stated that grant funds were received under a reimbursement arrangement prior to incurring the federal expense.

**Current Status:** Resolved. All federal funds were expended on allowable costs.

**Finding 2020-007, 93.550 – Street Outreach Program**

**Condition:** This finding stated that grant funds received had not been expended by the end of the budget period.

**Current Status:** The resolution for this item is still being considered.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Empower 225 and  
the Louisiana Legislative Auditor

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021, through December 31, 2021. Empower 225's management is responsible for those C/C areas identified in the SAUPs.

Empower 225 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** No exceptions were found as a result of this procedure.

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds<sup>7</sup>. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** No exceptions were found as a result of this procedure.

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** The following exceptions were noted:

- Documentation was not available reflecting that management had researched 3 reconciling checks that had been outstanding for more than 12 months from the statement closing date. (3c)

#### ***Collections (excluding electronic funds transfers)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for*

*testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** The following exceptions were noted:

- One of the deposits tested included a check that was not deposited within one day of receipt. (7d)

***Non-Payroll Disbursements (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:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
  - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** No exceptions were found as a result of this procedure.

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

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** The following exceptions were noted:

- Finance charges were assessed on the statement (13d)

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** The following exceptions were noted:

- Two mileage reimbursement payments were made at \$0.575 per mile when the State of Louisiana rate was \$0.57 per mile and the GSA rate was \$0.56 per mile. One mileage reimbursement payment was made at \$0.585 per mile when the GSA and Louisiana rates were \$0.56 per mile. (14a)
- One per diem for meals and incidentals was computed at \$50 per day (\$100 total) for a trip requiring one overnight stay. However, the GSA rate for first and last day of travel was \$49.5 per day and the Louisiana meal allowance was computed at \$85 for the two-day period. (14a)

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions noted.

### ***Payroll and Personnel***

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

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions noted.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:** Empower 225 is a nonprofit organization so this procedure is not applicable.

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting

documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** Empower 225 is a nonprofit organization so this procedure is not applicable.

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions noted.

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

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
  - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** I performed the procedure and discussed the results with management.

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
  - a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Results:** Empower 225 is a nonprofit organization so this procedure does not apply.

I was engaged by Empower 225 to perform this agreed-upon procedures engagement and conducted this engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of Empower 225 and to meet other ethical responsibilities, in accordance with the relevant ethical requirements related to this 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.

*David A Dominique LLC*  
Denham Springs, LA 70726  
June 30, 2022

**Empower 225**  
**Baton Rouge, Louisiana**  
Management's Response to Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2021

**Management's Response to Exceptions**

- (3)(c) We will implement procedures to ensure outstanding checks are reviewed with each bank reconciliation
- (7)(d) Based on the quantity of checks received, we believe it is inefficient to deposit checks daily. It is our policy to deposit checks weekly.
- (13)(d) Our goal is to pay off credit card balances each month to avoid or minimize interest charges.
- (14)(a) We will update our policies to provide for the per diem rate to be at the lesser of \$50 per day or the GSA rate/Louisiana state rate.

We will ensure our mileage reimbursement rate is updated as the GSA or Louisiana state rate changes.