

MAYOR'S HEALTHY CITY INITIATIVE

Financial Report

Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

To the Officers and Board of Directors
Mayor's Healthy City Initiative
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mayor's Healthy City Initiative (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mayor's Healthy City Initiative as of December 31, 2022, 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. 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 Mayor's Healthy City Initiative 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.

Emphasis of a Matter

As discussed in Note 8 to the financial statements, the Organization had a prior year restatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mayor's Healthy City Initiative'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 misstatements, 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 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 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 judgement 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. We 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. We 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 Mayor's Healthy City Initiative's internal control. Accordingly, no such opinion is expressed. We 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. We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mayor's Healthy City Initiative'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 as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of Mayor's Healthy City Initiative'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 the effectiveness of Mayor's Healthy City Initiative'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 Mayor's Healthy City Initiative's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 29, 2024

FINANCIAL STATEMENTS

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Statement of Financial Position
December 31, 2022

ASSETS

Current assets:	
Cash and cash equivalents	\$ 439,350
Receivables:	
Grants receivable	<u>366,635</u>
Total current assets	<u>805,985</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	<u>\$ 60,270</u>
Net assets:	
With donor restrictions	29,067
Without donor restrictions	<u>716,648</u>
Total net assets	<u>745,715</u>
Total liabilities and net assets	<u>\$ 805,985</u>

The accompanying notes are an integral part of this statement.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Statements of Activities
For The Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Grants	\$ 1,100,965	\$ -	\$1,100,965
Contributions	112,015	-	112,015
Other income	1,100	-	1,100
Total support and revenues	1,214,080	-	1,214,080
Expenses:			
Program services	2,320,409	-	2,320,409
Supporting services:			
Management and general	217,509	-	217,509
Total expenses	2,537,918	-	2,537,918
Change in net assets	(1,323,838)	-	(1,323,838)
Net assets, beginning of year, as restated	2,040,486	29,067	2,069,553
Net assets, end of year	\$ 716,648	\$ 29,067	\$ 745,715

The accompanying notes are an integral part of this statement.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Statement of Functional Expenses
For The Year Ended December 31, 2022

	Program Services	Supporting Services <u>Management and General</u>	Total Expenses
Administrative fees	\$ 41,500	\$ -	\$ 41,500
Advertising	50,019	35,326	85,345
Community engagement	14,533	-	14,533
Continuing education	1,936	-	1,936
Contract labor	490,514	10,000	500,514
Grants awarded	948,913	-	948,913
Meals and entertainment	50,809	735	51,544
Miscellaneous	100	4,847	4,947
Phone and internet	4,984	-	4,984
Professional fees	577,248	163,701	740,949
Program supplies	87,539	-	87,539
Sponsorships	26,472	2,900	29,372
Travel	<u>25,842</u>	<u>-</u>	<u>25,842</u>
Total	<u>\$ 2,320,409</u>	<u>\$ 217,509</u>	<u>\$ 2,537,918</u>

The accompanying notes are an integral part of this statement.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Statement of Cash Flows
For The Year Ended December 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ (1,323,838)
Adjustments to reconcile change in net assets to net cash used by operating activities -	
Change in current assets and liabilities:	
Grants receivable	259,070
Accounts payable	<u>(22,063)</u>
Net cash used by operating activities	(1,086,832)
Cash and cash equivalents, beginning of year	<u>1,526,182</u>
Cash and cash equivalents, end of year	<u>\$ 439,350</u>

The accompanying notes are an integral part of this statement.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies

A. Nature of Activities

The Mayor's Healthy City Initiative (the Organization) was formed as a non-profit corporation in May 2010. The mission of the Organization is to identify and coordinate efforts aimed at healthy eating and an active lifestyle into a unifying community commitment to better health. The Organization obtains funding through the City of Baton Rouge and other grants and then awards grants to third parties in order to achieve their goal of a healthier city.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). 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.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of less than three months.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

E. Property and Equipment

Property and equipment are stated at historical cost, if purchased. Donations of property and equipment are recorded as contributions at their estimated market value. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. As of December 31, 2022 all assets held by the Organization were fully depreciated.

F. Revenue/Expense Recognition and Receivables

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Revenues from cost-reimbursable contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contract are satisfied. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

G. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses may be attributable to more than one program or supporting function. Therefore, these expenses would require allocation on a reasonable basis that is consistently applied. There were no expenses requiring allocation for the year ended December 31, 2022.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally three years after they are filed.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

I. Donated Facilities, Materials, and Services

The Organization recognizes contribution revenue for certain services received at the 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. During the year ended December 31, 2022, there were no contributed services meeting the requirements for recognition.

J. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$85,345 for the year ended December 31, 2022.

(2) Liquidity and Availability of Financial Assets

The Organization had \$776,918 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$410,283 and receivables of \$366,635 for the year ended December 31, 2022. As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

(3) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Mayor's Healthy City Initiative expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(4) Risk Management

The Mayor's Healthy City Initiative is exposed to risks of loss in various areas. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage in the past three years.

(5) Concentration of Credit Risk

The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization's cash balances exceeded FDIC coverage by 189,350.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Notes to Financial Statements (Continued)

(6) Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds for the year ended December 31, 2022.

(7) Related-Party Transactions

During the fiscal year ended December 31, 2022, the Organization received two federal pass-through grants from the City of Baton Rouge totaling \$897,417. The Office of the Mayor-President holds a seat on the Board of the Organization.

(8) Prior Year Restatement

The Organization had a prior year restatement due to revenues and expenses related to a pass-through grant that were not properly accrued in the previous fiscal year. The net effect of recording the revenues and expenses in the related year resulted in a restatement as follows:

Statement of Net Position:

	<u>Without Donor Restrictions</u>	<u>Total Net Assets</u>
Beginning of year, as previously reported	\$ 1,497,115	\$ 1,526,182
Net effect of properly recording grant receivables	625,704	625,704
Net effect of properly recording accounts payable	<u>(82,333)</u>	<u>(82,333)</u>
Net assets, beginning of year as restated	<u>\$ 2,040,486</u>	<u>\$ 2,069,553</u>

(9) Subsequent Event Review

The Organization's management has evaluated subsequent events through February 29, 2024, the date which the financial statements were available to be issued and determined that no events have occurred that require additional disclosure.

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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

To the Board of Directors
Mayor's Healthy City Initiative
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mayor's Healthy City Initiative (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 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 February 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-005 and 2022-006.

Mayor's Healthy City Initiative's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 29, 2024

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

To the Officers and Board of Directors
Mayor's Healthy City Initiative
Baton Rouge, Louisiana

Report on Compliance for the Major Federal Program

Adverse Opinion

We have audited the Mayor's Health City Initiative's (Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Adverse Opinion on CDBG – Entitlement Grants Cluster

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, Mayor's Healthy City Initiative did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on CDBG – Entitlement Grants Cluster for the year ended December 31, 2022.

Basis for Adverse Opinion

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 Organization's compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on CDBG – Entitlement Grants Cluster

As described in the accompanying schedule of findings and questioned costs, Mayor's Healthy City Initiative did not comply with requirements regarding Assistance Listing No. 14.218 CDBG – Entitlement Grants Cluster as described in finding number 2022-007 for Allowable Costs/Allowable Activities and 2022-008 for Reporting. Compliance with such requirements is necessary, in our opinion, for Mayor's Healthy City Initiative to comply with the requirements applicable to that program.

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 the Mayor's Healthy City Initiative's federal programs.

Auditor's 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 Organization'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 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 the Organization's compliance with the requirements 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. We 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 Mayor's Healthy City Initiative's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances. We obtain an understanding of the Mayor's Healthy City Initiative'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 Organization'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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Mayor's Healthy City Initiative's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Mayor's Healthy City Initiative's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-011 and 2022-012 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Mayor's Healthy City Initiative's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Mayor's Healthy City Initiative's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. However, this report is a matter of public record, and its distribution is not limited.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Lafayette, Louisiana
February 29, 2024

MAYOR'S HEALTHY CITY INITIATIVE
 Baton Rouge, Louisiana

Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Assistance I.D. Number	Pass-Through Grantor's Number	Federal Expenditures
Pass-through Programs:				
U. S. Department of Housing and Urban Development -				
City of Baton Rouge:				
COVID-19 Community Development Block				
Grants/Entitlement Grants	14.218	N/A	B-20-MW-22-0002	<u>\$530,782</u>
Total CDBG - Entitlement Grants Cluster				<u>530,782</u>
U. S. Department of Treasury -				
City of Baton Rouge:				
COVID-19 Coronavirus State and Local Fiscal				
Recovery Funds	21.027	N/A	N/A	<u>366,635</u>
U. S. Department of Health and Human Services -				
Louisiana State University -				
Biomedical Research and Research Training	93.859	N/A	PB210037-HBR-02	<u>83,549</u>
Total Research and Development Cluster				<u>83,549</u>
TOTAL FEDERAL AWARDS				<u>\$ 980,966</u>

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

(1) General

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal financial assistance programs of Mayor's Healthy City Initiative (a nonprofit organization). Mayor's Healthy City Initiative's reporting entity is defined in Note 1 to the financial statements for the year ended December 31, 2022. All federal financial assistance received directly from federal agencies is included in the schedule.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to Mayor's Healthy City Initiative's financial statements for the year ended December 31, 2022.

(3) Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Mayor's Healthy City Initiative were prepared in accordance with GAAP.
2. There were no significant deficiencies in internal control over financial reporting that were disclosed during the audit of the financial statements. There were four material weaknesses reported.
3. There were two instances of noncompliance material to the financial statements of the Mayor's Healthy City Initiative, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. There was no significant deficiency in internal control over the major federal award program disclosed during the audit. Two material weaknesses were reported.
5. The auditor's report on compliance for the major federal award program for Mayor's Healthy City Initiative expresses an adverse opinion on the major federal program.
6. There were audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as a major program was: COVID 19 - CDBG - Entitlement Grants Cluster (14.218).
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Mayor's Healthy City Initiative was determined to not be a low-risk auditee.

Part II. Findings – Financial Statements Audit:

A. Internal Control Findings –

2022-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2022

CRITERIA: The Organization should have a control policy according to which no person should be given responsibility for more than one related function.

CONDITION: The Organization did not have adequate segregation of duties within the accounting functions.

CAUSE: Due to the size of the Organization, there are a small number of available personnel.

EFFECT: The Organization has personnel that are performing more than one related function.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

RECOMMENDATION: The Organization should establish mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: As with many organizations of this type the staff was very small which can make segregation of duties difficult. In addition, during the audited program year the Executive Director role was vacant for an extended period of time which presented additional challenges.

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We will work to establish mitigating controls over functions that are not completely segregated.

2022-002 Inadequate Controls Over Financial Reporting

Fiscal year finding initially occurred: 2022

CRITERIA: The Organization should have control policies to ensure all revenues and expenses are recorded in the proper fiscal year.

CONDITION: The Organization did not have policies and procedures in place to ensure accruals for revenues that were earned and expenses that were incurred during the fiscal year were recorded on their general ledger.

CAUSE: The Organization did not have procedures to identify whether all material transactions were recorded in the appropriate fiscal year.

EFFECT: The Organization had material adjustments for the current period and a prior year restatement in order to properly state their financial statements.

RECOMMENDATION: The Organization should establish policies and procedures to review subsequent transactions to determine the appropriate fiscal year earned or incurred and make the necessary adjustments to the general ledger.

MANAGEMENT'S CORRECTION ACTION PLAN: The role of our external accountants has been expanded to offer additional assistance and management will work to establish policies and procedures to ensure appropriate adjustments are made to the general ledger.

2022-003 Contracts for Services

Fiscal year finding initially occurred: 2022

CRITERIA: The Organization should have procedures in place to quantify the value of services such as including the number of hours and cost related to each individual service in order to substantiate the contract costs. Additionally, the Organization should ensure supporting documentation required by the contracts is obtained prior to payment to effectively monitor the contract performance.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

CONDITION: The Organization did not have policies and procedures in place to document the value of certain support contracts by including an estimated number of hours in order to determine if the hourly rate was reasonable. The Organization didn't have controls in place to ensure relevant supporting documentation in order to determine the progress of the services and/or reasonableness of the invoice was obtained prior to remitting payment.

CAUSE: The Organization did not have policies and procedures in place to verify applicable supporting documentation to substantiate the performance of the service providers.

EFFECT: The Organization did not have sufficient information to determine the performance of the service provider.

RECOMMENDATION: The Organization should establish policies and procedures to review service provider contracts prior to payment to determine if applicable supporting documentation is presented with the invoice in order to substantiate service performed.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will establish policies and procedures to review service contracts prior to payment to determine if applicable supporting documentation is presented with the invoice in order to substantiate services performed.

2022-004 Accounting Records

Fiscal year finding initially occurred: 2022

CRITERIA: The Organization should have policies and procedures in place to ensure all supporting documents are maintained with cash receipts, cash disbursements, and grant reimbursement requests.

CONDITION: The Organization did not have policies and procedures in place to ensure accounting records are maintained to support transactions that occurred during the fiscal year.

CAUSE: The Organization's accounting records do not appear to be organized in a central location with all relevant documents to support transactions during the fiscal year.

EFFECT: The Organization was not able to provide supporting documents for transactions in a timely manner and/or not able to locate relevant supporting documentation.

RECOMMENDATION: The Organization should establish policies and procedures to ensure appropriate supporting documentation is obtained and maintained for all transactions during the fiscal year. Supporting documentation should be stored in a central location and organized in a manner that would be efficient to locate support for specific transactions.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will ensure appropriate supporting documentation is obtained and maintained for all transactions during the fiscal year. Supporting documentation should be stored in a central location and organized in a manner that would be efficient to locate support for specific transactions.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

B. Compliance Findings –

2022-005 Contracts for Services

Fiscal year finding initially occurred: 2022

See Internal Control Finding 2022-003.

2022-006 Failure to File Audited Financial Statements Timely

Fiscal year finding initially occurred: 2022

CRITERIA: In accordance with Louisiana Revised Statute 24:513, the Organization must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

CONDITION: The annual audited financial statements were not filed timely for fiscal year ended December 31, 2022.

CAUSE: The Organization's management did not take appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

EFFECT: The Organization did not comply with Louisiana Revised Statute 24:513.

RECOMMENDATION: The Organization should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will take appropriate actions to ensure their annual financial statement audits are submitted timely.

Part III. Findings and questioned costs for federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance.

A. Compliance Findings –

Department of Housing and Urban Development

2022-007 Compliance with Allowable Costs

Fiscal year finding initially occurred: 2022

CDBG – Entitlement Grants Cluster (14.218)

B-20-MW-22-0002

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

CRITERIA: The Uniform Guidance requires a grant recipient to establish and maintain effective controls in order to ensure compliance with the federal award regulations, statutes, and terms and conditions of the grant.

CONDITION: A sample of 30 disbursement transactions was selected for testing from a population of 125 transactions. The test found the following: 20 transactions totaling \$205,617 for service contracts that the organization did not obtain and maintain written price and/or rate quotations from an adequate number of qualified sources when the contract ranged between \$10,000 - \$250,000; 2 transactions totaling \$5,049 appeared to be sponsorships/donations; 2 transactions totaling \$27,083 were duplicated in another reimbursement request; 1 transaction in the amount of \$11,220 for an event had multiple line items identified on the invoice without sufficient cost detail on each to determine if the amounts were reasonable and necessary; 1 transaction totaling \$5,000 didn't have sufficient detail on the invoice to determine if the activity was allowable and if the amounts were reasonable and necessary; 1 transaction totaling \$4,910 for 11 hotel rooms to a conference had no supporting documentation justifying the allowability of the conference or justification for the community roles for each attendee; and 1 reimbursement for a contract payment did not have support for \$5,294. The total questioned costs amounted to \$264,173. The sample was nonstatistical.

CAUSE: The Organization does not have internal controls in place to ensure compliance with the allowable costs and allowable activities requirements.

EFFECT: The Organization was unable to provide relevant documentation to support compliance with the federal award regulations, statutes, and terms and conditions of the grant.

RECOMMENDATION: The Organization should establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes, and terms and conditions of the grant.

MANAGEMENT'S CORRECTION ACTION PLAN: The Mayor's Healthy City Initiative grew rapidly as the need for services provided by the organization were in high demand. The group worked to meet the needs of the community and simultaneously create an infrastructure to support the growing demand. While all disbursements made related to appropriate initiatives and programs, instances did occur in which the vendor was unable to provide the specific documentation required by the grant in the required timeframe. The Mayor's Healthy City Initiative team coordinated with the City of Baton Rouge's Office of Community Development to ensure that disbursements were appropriate and, in some instances, relied on their approval for payment.

As with many organizations of this type, the staff was very small. In addition, during the audited program year the Executive Director role was vacant for an extended period of time which presented additional challenges.

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We are continuing to work to establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

2022-008 Compliance with Reporting

Fiscal year finding initially occurred: 2022

CDBG – Entitlement Grants Cluster (14.218)

B-20-MW-22-0002

CRITERIA: Internal controls should be in place to ensure accuracy, completeness and timely submission of the reports required by the grantor.

CONDITION: Monthly and quarterly progress reports as well as monthly requests for reimbursement are a requirement of the grant. The Organization was unable to provide documentation that any monthly or quarterly accomplishments and progress reports were submitted to the grantor for the year under audit. The requests for reimbursement were filed, however; they were not filed on a monthly basis as stipulated in the grant agreement. The first request covered 10 months, the second request covered 6 months and the third and fourth requests were for the same one-month period.

CAUSE: Internal controls were not in place to ensure accuracy, completeness and timely submission of the reports required by the grantor.

EFFECT: The Organization was not able to provide documentation to demonstrate compliance with reporting.

RECOMMENDATION: The Organization should establish and maintain effective internal controls to ensure compliance with the requirements of grant award agreements relative to submitting monthly and quarterly progress reports as well as monthly requests for reimbursement.

MANAGEMENT'S CORRECTION ACTION PLAN: As stated in the condition above the reports were all filed but not in accordance with the required timeframes. Management will work to ensure that reports are filed as required by the grant even when no activity for the related period occurs.

Department of Health and Human Services

2022-009 Allowable Costs and Allowable Activities

Fiscal year finding initially occurred: 2022

Research and Development Cluster (93.859)

PB210037-HBR-02

CRITERIA: Costs charged to federal grant programs must follow the Uniform Guidance (Guidance). Section 200.403 of the Guidance requires that the costs be adequately documented in order to be an allowable cost.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

CONDITION: The Organization was unable to provide documentation to support that the salaries requested under this grant were incurred by the Organization. In addition, based on the financial records of the Organization, no salaries were paid for the 2022 fiscal year, which included the time period of request. The Organization had \$61,092 of unsupported salaries and related indirect costs, which is considered questioned costs.

CAUSE: The Organization does not have internal controls in place to ensure compliance with the Uniform Guidance.

EFFECT: The Organization requested reimbursement for unsupported salaries and related indirect costs from the grantor.

RECOMMENDATION: The Organization should ensure the individuals administering federal programs are properly trained on the requirements of the Uniform Guidance.

MANAGEMENT'S CORRECTION ACTION PLAN: The audited period was a time of rapid growth and transition for the Mayor's Healthy City Initiative. The staff was very small and the Executive Director role was vacant for an extended period of time.

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. Management is working to ensure that the individuals working on administering federal programs are properly trained on the requirements of the Uniform Guidance.

U. S. Department of Treasury

2022-010 Compliance with Allowable Costs

Fiscal year finding initially occurred: 2022

COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)

CRITERIA: The Uniform Guidance requires a grant recipient to establish and maintain effective controls in order to ensure compliance with the federal award regulations, statutes, and terms and conditions of the grant.

CONDITION: The organization did not obtain and maintain written price and/or rate quotations from an adequate number of qualified sources for a professional service contract that ranged between \$10,000 - \$250,000. The organization paid \$250,000 on the services contract during the fiscal year. Additionally, 3 transactions totaling \$12,952 requested for reimbursement under this grant were previously requested for reimbursement on a CDBG-CV grant. The total questioned costs amounted to \$262,952.

CAUSE: The Organization does not have internal controls in place to ensure compliance with the allowable costs and allowable activities requirements.

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

EFFECT: The Organization was unable to provide relevant documentation to support compliance with the federal award regulations, statutes, and terms and conditions of the grant.

RECOMMENDATION: The Organization should establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes, and terms and conditions of the grant.

MANAGEMENT'S CORRECTION ACTION PLAN: While the team working with the Mayor's Healthy City Initiative believes the amounts paid to all vendors for services rendered were reasonable based on comparison market data we understand the need to obtain and maintain the required number of written quotations and will work to establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.

B. Internal Control Findings –

U.S. Department of Housing and Urban Development

2022-011 Allowable Costs and Allowable Activities

Fiscal year finding initially occurred: 2022

CDBG – Entitlement Grants Cluster (14.218)

B-20-MW-22-0002

See Compliance Finding 2022-007.

2022-012 Reporting

Fiscal year finding initially occurred: 2022

CDBG – Entitlement Grants Cluster (14.218)

B-20-MW-22-0002

See Compliance Finding 2022-008.

U. S. Department of Health and Human Services

2022-013 Allowable Costs and Allowable Activities

Fiscal year finding initially occurred: 2022

Research and Development Cluster (93.859)

PB210037-HBR-02

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

See Compliance Finding 2022-009.

U. S. Department of Treasury

2022-014 Compliance with Allowable Costs

Fiscal year finding initially occurred: 2022

COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)

See Compliance Finding 2022-010.

Mayor's Healthy City Initiative
Corrective Action Plan
December 31, 2022



U.S. Department of Housing and Urban Development

The Mayor's Healthy City Initiative respectfully submits the following corrective action plan for the year ended December 31, 2022.

Audit conducted by:

Kolder, Slaven & Company, LLC
183 S. Beadle Road
Lafayette, Louisiana 70508

Audit Period: January 1, 2022 – December 31, 2022

The findings from the December 31, 2022 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness-

Internal Control:

2022-001 Inadequate Segregation of Accounting Functions

Recommendation: The Organization should establish mitigating controls over functions that are not completely segregated.

Corrective Action Plan: As with many organizations of this type the staff was very small which can make segregation of duties difficult. In addition, during the audited program year the Executive Director role was vacant for an extended period of time which presented additional challenges.

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We will work to establish mitigating controls over functions that are not completely segregated.



2022-002 Inadequate Controls Over Financial Reporting

Recommendation: The Organization should establish policies and procedures to review subsequent transactions to determine the appropriate fiscal year earned or incurred and make the necessary adjustments to the general ledger.

Corrective Action Plan: The role of our external accountants has been expanded to offer additional assistance and management will work to establish policies and procedures to ensure appropriate adjustments are made to the general ledger.

2022-003 Contracts for Services

Recommendation: The Organization should establish policies and procedures to review service contracts prior to payment to determine if applicable supporting documentation is presented with the invoice in order to substantiate services performed.

Corrective Action Plan: Management will establish policies and procedures to review service contracts prior to payment to determine if applicable supporting documentation is presented with the invoice in order to substantiate services performed.

2022-004 Accounting Records

Recommendation: The Organization should establish policies and procedures to ensure appropriate supporting documentation is obtained and maintained for all transactions during the fiscal year. Supporting documentation should be stored in a central location and organized in a manner that would be efficient to locate support for specific transactions.

Corrective Action Plan: Management will ensure appropriate supporting documentation is obtained and maintained for all transactions during the fiscal year. Supporting documentation should be stored in a central location and organized in a manner that would be efficient to locate support for specific transactions.

Compliance:

2022-005 Contracts for Services

See Internal Control Finding 2022-003.



2022-006 Failure to File Audited Financial Statements Timely

Recommendation: The Organization should take necessary actions to ensure their annual financial statement audit is submitted within six months of the close of their fiscal year.

Corrective Action Plan: Management will take appropriate actions to ensure their annual financial statement audits are submitted timely.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

Compliance Findings –

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

CDBG – Entitlement Grants Cluster (14.218)

2022-007 Compliance with Allowable Costs

Recommendation: The Organization should establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes, and terms and conditions of the grant.

Corrective Action Plan: The Mayor’s Healthy City Initiative grew rapidly as the need for services provided by the organization were in high demand. The group worked to meet the needs of the community and simultaneously create an infrastructure to support the growing demand. While all disbursements made related to appropriate initiatives and programs, instances did occur in which the vendor was unable to provide the specific documentation required by the grant in the required timeframe. The Mayor’s Healthy City Initiative team coordinated with the City of Baton Rouge’s Office of Community Development to ensure that disbursements were appropriate and in some instances, relied on their approval for payment. As with many organizations of this type the staff was very small. In addition, during the audited program year the Executive Director role was vacant for an extended period of time which presented additional challenges.

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We are continuing to work to establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.



2022-008 Compliance with Reporting

Recommendation: The Organization should establish and maintain effective internal controls to ensure compliance with the requirements of grant award agreements relative to submitting monthly and quarterly progress reports as well as monthly requests for reimbursement.

Corrective Action Plan: As stated in the condition above the reports were all filed but not in accordance with the required timeframes. Management will work to ensure that reports are filed as required by the grant even when no activity for the related period occurs.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Research and Development Cluster (93.859)

2022-009 Compliance with Allowable Costs

Recommendation: The Organization should ensure the individuals administering federal programs are properly trained on the requirements of the Uniform Guidance.

Corrective Action Plan: The audited period was a time of rapid growth and transition for the Mayor's Healthy City Initiative. The staff was very small and the Executive Director role was vacant for an extended period of time.

The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. Management is working to ensure that the individuals working on administering federal programs are properly trained on the requirements of the Uniform Guidance.

U.S. DEPARTMENT OF TREASURY:

COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)

2022-010 Compliance with Allowable Costs

Recommendation: The Organization should establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes, and terms and conditions of the grant.



Corrective Action Plan: While the team working with the Mayor's Healthy City Initiative believes the amounts paid to all vendors for services rendered were reasonable based on comparison market data we understand the need to obtain and maintain the required number of written quotations and will work to establish and maintain effective internal controls to ensure compliance with federal award regulations, statutes and terms and conditions of each grant.

Internal Control Findings –

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

CDBG – Entitlement Grants Cluster (14.218)

Material Weakness-

2022-011 Compliance with Allowable Costs

See Compliance Finding 2022-007.

Material Weakness-

2022-012 Reporting

See Compliance Finding 2022-008.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Research and Development Cluster (93.859)

Material weakness-

2022-013 Allowable Costs and Allowable Activities

See Compliance Finding 2022-009.



U.S. DEPARTMENT OF TREASURY:

COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)

Material weakness-

2022-014 Compliance with Allowable Costs

See Compliance Finding 2022-010.

The findings noted above will be evaluated and corrective action will be taken as indicated on the respective finding. Should any federal or state pass-through grant agencies have questions regarding this plan, please contact Hope Hickerson at 225-389-3100.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shunn Phillips", is positioned above the printed name and title.

Shunn Phillips, CPA
Board Treasurer

MAYOR'S HEALTHY CITY INITIATIVE
Baton Rouge, Louisiana

Summary Schedule of Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2022

A. Compliance Findings-

There are no findings reported under this section.

B. Internal Control Findings-

There are no findings reported under this section.

MAYOR'S HEALTHY CITY INITIATIVE

Baton Rouge, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2022

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Mayor's Healthy City Initiative and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Mayor's Healthy City Initiative's management is responsible for those C/C areas identified in the SAUPs.

Mayor's Healthy City Initiative 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, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and 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) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) 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 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) **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.

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 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) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c) 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 reference or include a formal plan to eliminate the negative unrestricted fund balance in the General Fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings are considered fully resolved.

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 selected accounts, 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, electronically logged);
 - b) Bank reconciliations included 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding electronic fund transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
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, inquired 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 that are 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 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 selected 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 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing was 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, then 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.
 - e) 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:
 - a) Observe whether the disbursement, whether by paper or electronic means, 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.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3 above, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was:
 - a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy.
 - b) Approved by the required number of authorized signers per the entity's policy.

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

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, we randomly selected 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) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, we described the nature of the transaction and noted whether management had compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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 and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1g).

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

Contracts

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

Payroll and Personnel

- 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:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that 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.
- 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 selected 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' cumulate leave records, agree the pay rates to the employee/officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 20. 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.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - 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.
22. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Debt Service

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 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, inspected debt covenants, obtained 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).

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing was 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.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures,
 - 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 (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- 28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19 above and:
 - a) Observe evidence that the selected terminated employees have been removed or disabled from the network.

Prevention of Sexual Harassment

- 29. Using the 5 randomly selected employees/officials from procedure #17 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 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 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.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

- 1. The entity's policies and procedures do not address the following: (a) Receipts – managements actions to determine completeness of all collections for each type of revenue; (b) Contracting- legal review.

Bank Reconciliations

- 2. The entity's only bank account was not reconciled within two months of the statement's closing date.
- 3. The entity's bank reconciliation did not include written evidence that a member of management or a board member reviewed.

Collections

4. The entity was unable to provide evidence of a bond or insurance policy for theft covering all employees that handle cash that was in effect during the fiscal year.
5. Both deposits selected for testing did not have sequentially prenumbered receipts.
6. Both deposits selected for testing lacked support to determine whether the deposit was made within one day of collection.

Non-Payroll Disbursements

7. The entity does not have at least two employees involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.
8. The entity does not have two employees involved in processing and approving payments to vendors.
9. The employee responsible for processing payments is allowed to add/modify vendor files without another employee periodically reviewing changes to vendor files.
10. Two of the five disbursements tested had invoices for the City of Baton Rouge, not Mayor's Healthy City Initiative.
11. One of the five disbursements tested was paid in advance of receiving services. The memorandum of understanding indicated the period of service 8/3/2022 through 12/31/2022 and the payment was made on 8/3/2022.
12. One of the five disbursements lacked appropriate documentation prior to payment. The contract required a project report, sign-in sheets, photographs, and fliers; however, only a flier was included with the payment documentation.
13. Two of the five disbursements tested lacked evidence of segregation of duties.
14. Two of the five electronic disbursements were not approved by the required number of authorized signers per entity's policy.

Travel and Travel-Related Expense Reimbursements

15. All travel reimbursements selected for testing lacked documentation to support the business/public purpose.

Fraud Notice

16. The entity does not have the notice required by RS 24:523.1 sign posted either on their premises or website.

Management's Response:

Management concurs with the exceptions noted. The Mayor's Healthy City Initiative grew rapidly as the need for services provided by the organization were in high demand. The group worked to meet the needs of the community and simultaneously create

an infrastructure to support the growing demand. As with many organizations of this type the staff was very small. This small staff worked tirelessly but additional challenges were encountered when the Executive Director role was vacant for an extended period of time. The Executive Director role has been filled and the role of our external accountants has been expanded to offer additional assistance. We are continuing to work to put controls and processes in place to address the deficiencies identified.

We were engaged by Mayor's Healthy City Initiative 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 from Mayor's Healthy City Initiative 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 29, 2024