

*Consolidated Financial Report*

*Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading*

*October 31, 2023*



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October 31, 2023 and 2022

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Directors,  
Louisiana Endowment for the Humanities and  
Prime Time Family Reading,  
New Orleans, Louisiana.

### **Opinion**

We have audited the accompanying consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading, (a nonprofit organization) (the “Organization”), which comprise the consolidated statement of financial position as of October 31, 2023, and the related consolidated statement of activities, consolidated statement of functional expenses, and consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

## **Report on Summarized Comparative Information**

We have previously audited the Organization's October 31, 2022 consolidated financial statements, and our report dated April 21, 2023 expressed an unmodified opinion, on those consolidated financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended October 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information (Schedule 1) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 2) is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



## Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
April 19, 2024.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

October 31, 2023  
(with comparative totals for 2022)

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,391,831	\$ 1,107,784
Accounts receivable	59,237	30,659
Grants receivable	785,437	561,364
Unconditional promises to give, net	314,049	585,714
Inventory	-	12,820
Investments	3,500,087	3,609,251
Prepaid expense	184,597	201,394
Right-of-use of leased assets	371,259	-
Property and equipment, net	7,096,475	7,929,107
Art collections	356,816	354,335
	<u>\$14,059,788</u>	<u>\$14,392,428</u>
Total assets		

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,385,983	\$ 959,800
Deposits	7,750	7,750
Line of credit	233,594	134,579
Lease liability	371,259	-
Unearned revenue	183,013	410,056
	<u>2,181,599</u>	<u>1,512,185</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions:		
General	7,539,802	6,454,464
Building	-	539,643
With donor restrictions	4,338,387	5,886,136
	<u>11,878,189</u>	<u>12,880,243</u>
Total net assets		
Total liabilities and net assets	<u>\$14,059,788</u>	<u>\$14,392,428</u>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023  
(with comparative totals for 2022)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2023 Totals	2022 Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Support and Revenues</b>				
Support:				
Contributions and other grants	\$2,992,733	\$ 2,145,494	\$ 5,138,227	\$ 4,060,628
National Endowment for the Humanities Grants	-	1,104,581	1,104,581	1,417,876
DHH Head Start Grant	-	14,013,032	14,013,032	14,902,469
USDA Grant	-	620,314	620,314	580,599
Other	115,288	-	115,288	27,954
Revenue:				
Investment income (loss), net	100,415	10,801	111,216	(846,833)
Building income	167,334	-	167,334	138,050
Program income	396,979	-	396,979	192,730
Net assets released from restrictions	<u>19,441,971</u>	<u>(19,441,971)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>23,214,720</u>	<u>(1,547,749)</u>	<u>21,666,971</u>	<u>20,473,473</u>
<b>Expenses</b>				
Program expenses:				
Head Start	16,636,251	-	16,636,251	15,290,728
Louisiana Humanities Center	773,415	-	773,415	718,647
Education	948,755	-	948,755	899,116
Content	1,923,570	-	1,923,570	1,102,313
General and administrative	1,982,747	-	1,982,747	1,743,985
Fundraising	<u>404,287</u>	<u>-</u>	<u>404,287</u>	<u>300,109</u>
Total expenses	<u>22,669,025</u>	<u>-</u>	<u>22,669,025</u>	<u>20,054,898</u>
<b>Change in Net Assets</b>	545,695	(1,547,749)	(1,002,054)	418,575
<b>Net Assets</b>				
Beginning of year	<u>6,994,107</u>	<u>5,886,136</u>	<u>12,880,243</u>	<u>12,461,668</u>
End of year	<u>\$7,539,802</u>	<u>\$ 4,338,387</u>	<u>\$11,878,189</u>	<u>\$12,880,243</u>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023  
(with comparative totals for 2022)

	2023								2022 Totals
	Program				Total Program	General and Administrative	Fundraising	Totals	
	Head Start	Louisiana Humanities Center	Education	Content					
<b>Expenses</b>									
Salaries and benefits	\$ 9,564,009	\$144,996	\$397,447	\$ 663,350	\$10,769,802	\$1,284,019	\$224,043	\$12,277,864	\$11,977,362
Other operating expense	1,844,671	158,437	57,731	38,245	2,099,084	234,592	10,773	2,344,449	2,290,029
Contribution of property and equipment	1,902,570	-	-	-	1,902,570	-	-	1,902,570	-
Contributed rent and professional services	1,254,922	-	-	-	1,254,922	-	-	1,254,922	1,488,265
Consultants expense	648,271	43,681	210,772	85,034	987,758	199,831	24,649	1,212,238	1,587,618
Supplies and materials expense	456,328	10,154	242,592	119,150	828,224	67,217	35,834	931,275	731,491
Regrants	-	-	-	864,773	864,773	-	-	864,773	362,649
Building expense	372,026	174,118	-	-	546,144	1,008	1,620	548,772	460,482
Depreciation	271,437	206,597	-	-	478,034	-	-	478,034	400,419
Equipment expense	115,322	30,141	5,128	398	150,989	113,420	6,376	270,785	369,292
Travel expense	151,926	4,140	11,190	41,780	209,036	36,888	1,683	247,607	132,420
Meetings and events	51,289	806	1,441	9,784	63,320	21,430	90,626	175,376	125,793
Printing expense	3,480	345	22,454	101,056	127,335	3,410	8,683	139,428	129,078
Interest expense	-	-	-	-	-	20,932	-	20,932	-
<b>Total expenses</b>	<b><u>\$16,636,251</u></b>	<b><u>\$773,415</u></b>	<b><u>\$948,755</u></b>	<b><u>\$1,923,570</u></b>	<b><u>\$20,281,991</u></b>	<b><u>\$1,982,747</u></b>	<b><u>\$404,287</u></b>	<b><u>\$22,669,025</u></b>	<b><u>\$20,054,898</u></b>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023  
(with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$(1,002,054)	\$ 418,575
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized (gain) loss on investments	(29,946)	994,769
Loss on disposal of property and equipment	-	5,055
Depreciation	478,034	400,419
Contribution of property and equipment	1,902,570	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(28,578)	35,413
(Increase) in government grant receivable	(224,073)	(508,200)
(Increase) decrease in unconditional promises to give	271,665	(274,849)
Decrease in inventory	12,820	265
(Increase) decrease in prepaid expense	16,797	(99,668)
Increase (decrease) in accounts payable and accrued liabilities	353,865	(432,612)
Increase (decrease) in deposits	-	(750)
Increase (decrease) in unearned revenue	(227,043)	253,818
	<u>1,524,057</u>	<u>792,235</u>
Net cash provided by operating activities		
<b>Cash Flows From Investing Activities</b>		
Payment of short term accounts payable used to finance equipment acquisition	-	(309,157)
Purchases of art collection items	(2,481)	-
Purchases of property and equipment	(1,475,654)	(1,439,182)
Insurance proceeds property and equipment	-	52,859
Purchases of investments securities	(486,251)	(277,206)
Proceeds from sale of investments	625,361	149,935
	<u>(1,339,025)</u>	<u>(1,822,751)</u>
Net cash used in investing activities		

**Exhibit D  
(Continued)**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	<u>99,015</u>	<u>134,579</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	284,047	(895,937)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>1,107,784</u>	<u>2,003,721</u>
End of year	<u><u>\$ 1,391,831</u></u>	<u><u>\$1,107,784</u></u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Property and equipment purchases included in accounts payable	<u><u>\$ 72,318</u></u>	<u><u>\$ -</u></u>
<b>Interest paid</b>	<u><u>\$ 20,932</u></u>	<u><u>\$ -</u></u>

See notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

October 31, 2023 and 2022

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Organization**

The Louisiana Endowment for the Humanities is a non-profit corporation organized for the purpose of maintaining a state-based program in the humanities in the State of Louisiana on behalf of its citizens in accordance with the regulations and guidelines established by the United States Congress and the National Endowment for the Humanities.

Prime Time Family Reading is a non-profit corporation organized for the purpose of establishing and maintaining a family literacy and reading program in the humanities called Prime Time in the State of Louisiana and in other states of the United States.

**b. Consolidation Policy**

The consolidated financial statements include the accounts of Louisiana Endowment for the Humanities and Prime Time Family Reading. They are consolidated by virtue of common control. These companies are collectively referred to as the “Organization”. All significant intercompany transactions have been eliminated in consolidation.

**c. Basis of Accounting**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

**d. Use of Estimates**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e. Financial Statement Presentation**

The Organization classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions** - Support, revenue, and expenses for the general operation of the Organization.

**Net Assets with Donor Restrictions** - Net assets subject to donor imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets that are maintained permanently by the Organization and not expended.

**f. Cash and Cash Equivalents**

For the purpose of the Consolidated Statements of Cash Flows, the Organization classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

**g. Accounts Receivable**

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual receivable balances. As of October 31, 2023 and 2022, no such allowance was deemed necessary.

**h. Inventory**

Inventory is stated at the lower of cost or net realizable value using the first in, first out method. The inventory balance was \$12,820 as of October 31, 2022. There was no inventory balance as of October 31, 2023.

**i. Promises to Give**

Unconditional promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give as of October 31, 2023 and 2022.

Unconditional promises are recorded net of an allowance for uncollectible amounts estimated by the management of the Organization. There was no allowance for potentially uncollectible promises to give as of October 31, 2023 and 2022.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j. Investments**

Investments in equity funds, exchange traded funds, and bond funds are reported at their fair values in the Consolidated Statements of Financial Position.

Pooled accounts managed by the Greater New Orleans Foundation and the Community Foundation Northwest Louisiana are reported at fair market value, including any pro rata gains and losses.

Unrealized gains and losses are recorded as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Interest earned on donor restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to the change in net assets and the establishment of a new basis for the new investment.

**k. Property and Equipment**

The Organization's policy is to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000. Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

The range of estimated useful lives by type of property and equipment is as follows:

	<u>Years</u>
Buildings	39
Building improvements	5 - 39
Furniture, fixtures, and equipment	5 - 10

**l. Art Collections**

The Organization maintains a collection of art consisting primarily of the work of John T. Scott. The Organization does not record depreciation on its collection because the economic benefit or service potential of the collection has been determined to be indefinite.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**m. Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, investments, other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized as revenue until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Consolidated Statements of Financial Position. No amounts have been received in advance from Federal and state contracts and grants. The Organization received cost-reimbursable grants of \$701,593 and \$3,885,333 that have not been recognized as of October 31, 2023 and 2022 because qualifying expenditures have not yet been incurred.

**n. Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

**o. Functional Allocation of Expenses**

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and consultants expenses which were allocated based on estimates of time and effort. Also, equipment, building, supplies and materials, other operating expenses, and depreciation expenses are based on an estimate of square footage of program building space and administration building space.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**p. Recently Issued Accounting Standards**

**Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, “*Leases*” (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the Consolidated Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Consolidated Statement of Activities and the Consolidated Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance.

The key change upon adoption of the standard was the recognition of operating leases on the Consolidated Statement of Financial Position, given that the recognition of lease expense on the Consolidated Statement of Activities is similar to the Organization’s historical accounting. There was no cumulative effect adjustment to net assets as of November 1, 2022. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which, among other things, allowed the Organization to carry forward the historical lease classification. Leases with original terms of one year or less were excluded. Additionally, the Organization elected to not separate lease and non-lease components for certain assets.

The adoption of this ASC resulted in the recognition of an operating lease liability and an operating right-of-use asset of \$371,259.

**Lease Discount Rate**

In November 2021, The FASB issued ASU No. 2021-09, “*Lease Discount Rate for Lessees That Are Not Public Business Entities*” (Topic 842) currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. This ASC was adopted during the year ended October 31, 2023.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p. Recently Issued Accounting Standards (Continued)**

**Measurement of Credit Losses**

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments - Credit Losses*” (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. For available-for-sale securities where fair value is less than cost, credit-related impairment, if any, is recognized through an allowance for credit losses and adjusted each period for changes in credit risk. This ASU is effective for fiscal years beginning after December 31, 2022.

**q. Tax Matters**

The Louisiana Endowment for the Humanities and Prime Time Family Reading are organized under the laws of the State of Louisiana and are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity’s financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of October 31, 2023, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended October 31, 2020 and later remain subject to examination by the taxing authorities.

**r. Reclassifications**

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 consolidated financial statement presentation.

**Note 2 - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash accounts at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. The Organization also has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to \$250,000. There was approximately \$78,000 in uninsured or non-guaranteed cash and cash equivalent balances as of October 31, 2023.

**Note 3 - ACCOUNTS RECEIVABLE**

The accounts receivable as of October 31, 2023 and 2022 are as follows:

	2023	2022
Content	\$25,237	\$ 5,972
Building	17,752	3,851
Contributions	9,494	-
Education	6,754	20,216
Other	-	620
Total accounts receivable, net	\$59,237	\$30,659

**Note 4 - GRANTS RECEIVABLE**

The grants receivable as of October 31, 2023 and 2022 are as follows:

	2023	2022
State of Louisiana - critical cultural infrastructure support program	\$ 246,436	\$466,264
Baptist Community Foundation	188,000	-
Kellogg Foundation	150,000	-
Child and Adult Care Food Program	107,667	70,354
Zemurray Foundation	66,667	-
United Way	26,667	-
National Endowment for the Humanities	-	24,746
Total grant receivable	\$ 785,437	\$561,364

**Note 5 - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give as of October 31, 2023 and 2022 consist of the following:

	2023	2022
Patrick F Taylor Foundation	\$ 300,000	\$ 600,000
Helis Foundation	14,049	-
	314,049	600,000
Less:		
Allowance for uncollectible receivables	-	-
Discounts to net present value	-	(14,286)
Total accounts receivable, net	\$ 314,049	\$ 585,714
Receivable in less than one year	\$314,049	\$300,000
Receivable in one to five years	-	300,000
Totals	\$314,049	\$600,000

Promises to give are reported at their present value using a discount rate of approximately 5% as of October 31, 2023 and 2022.

**Note 6 - INVESTMENTS**

Investments as of October 31, 2023 and 2022 are comprised of the following:

	2023		
	Cost	Fair Market Value	Excess of Market Over Cost (Cost Over Market)
Equity funds	\$2,060,198	\$1,890,651	\$(169,547)
Exchange traded funds	925,641	1,220,562	294,921
Individual investment securities managed by a financial institution	2,985,839	3,111,213	125,374
Community Foundation Northwest Louisiana Pooled Investment Fund	199,138	327,003	127,865
Greater New Orleans Foundation Pooled Investment Fund	41,883	61,871	19,988
<b>Totals</b>	<b><u>\$3,226,860</u></b>	<b><u>\$3,500,087</u></b>	<b><u>\$ 273,227</u></b>
	2022		
	Cost	Fair Market Value	Excess of Market Over Cost
Equity funds	\$1,178,400	\$1,215,658	\$ 37,258
Exchange traded funds	904,468	1,149,441	244,973
Bond funds	1,044,391	849,932	(194,459)
Individual investment securities managed by a financial institution	3,127,259	3,215,031	87,772
Community Foundation Northwest Louisiana Pooled Investment Fund	210,243	332,412	122,169
Greater New Orleans Foundation Pooled Investment Fund	44,175	61,808	17,633
<b>Totals</b>	<b><u>\$3,381,677</u></b>	<b><u>\$3,609,251</u></b>	<b><u>\$ 227,574</u></b>

**Note 6 - INVESTMENTS (Continued)**

	2023		Excess of Market Over Cost
	Cost	Market	
Balances, October 31, 2023	<u>\$3,226,860</u>	<u>\$3,500,087</u>	\$ 273,227
Balances, October 31, 2022	<u>\$3,381,677</u>	<u>\$3,609,251</u>	<u>227,574</u>
Increase in unrealized appreciation			45,653
Net realized loss			(15,707)
Interest and dividend income			105,591
Investment expense			<u>(24,321)</u>
Total investment income, net			<u>\$ 111,216</u>
	2022		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2022	<u>\$3,381,677</u>	<u>\$3,609,251</u>	\$ 227,574
Balances, October 31, 2021	<u>\$3,220,640</u>	<u>\$4,476,749</u>	<u>1,256,109</u>
Decrease in unrealized appreciation			(1,028,535)
Net realized gain			33,766
Interest and dividend income			161,879
Investment expense			<u>(13,939)</u>
Total investment loss, net			<u>\$ (846,829)</u>

**Note 7 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:



**Note 7 - FAIR VALUE MEASUREMENTS (Continued)**

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Mutual Funds (Equity Funds and Bond Funds)*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.
- *Exchange Traded Funds*: Valued at the daily closing price as reported by the fund. Funds held by the Organization are with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The funds held by the Organization are deemed to be actively traded. These are included in Level 1 of the fair value hierarchy.

**Note 7 - FAIR VALUE MEASUREMENTS (Continued)**

- *Investment Pools:* Valued using the NAV as reported by the custodians. The NAV is determined based on the fair value of the underlying investments. The custodians of these portfolios use independent pricing services, where available, to value the securities included in the portfolios. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodians will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisors, and the principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security. The investment pools are included in Level 3 of the fair value hierarchy.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of October 31, 2023 and 2022 are comprised of and determined as follows:

Description	2023			
	Based on			
Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<b>Investments:</b>				
Equity funds	\$1,890,651	\$1,890,651	\$ -	\$ -
Exchange traded funds	1,220,562	1,220,562	-	-
Pooled investment fund:	388,874	-	-	388,874
Total investments	<u>\$3,500,087</u>	<u>\$3,111,213</u>	<u>\$ -</u>	<u>\$388,874</u>

**Note 7 - FAIR VALUE MEASUREMENTS (Continued)**

Description	2022			
	Based on			
	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Equity funds	\$1,215,658	\$1,215,658	\$ -	\$ -
Exchange traded funds	1,149,441	1,149,441	-	-
Bond funds	849,932	849,932	-	-
Pooled investment fund	<u>394,220</u>	<u>-</u>	<u>-</u>	<u>394,220</u>
Total investments	<u>\$3,609,251</u>	<u>\$3,215,031</u>	<u>\$ -</u>	<u>\$394,220</u>

The following provides a summary of changes in fair value of the Organization's Level 3 assets for the years ended October 31, 2023 and 2022:

	Pooled Investment Accounts
October 31, 2021	\$ 455,826
Investment loss, net	(39,786)
Distributions	<u>(21,820)</u>
Level 3 assets, October 31, 2022	394,220
Investment income, net	10,802
Distributions	<u>(16,148)</u>
Level 3 assets, October 31, 2023	<u>\$ 388,874</u>

As of October 31, 2023 and 2022, there were no assets measured at fair value on a non-recurring basis.

**Note 8 - PROPERTY, BUILDING, AND EQUIPMENT**

Property, building, and equipment as of October 31, 2023 and 2022 consists of the following:

	2023	2022
Land	\$ 606,674	\$ 769,649
Building	5,200,751	4,985,665
Leasehold improvements	729,644	2,679,811
Furniture and equipment	1,019,914	1,302,943
Construction in progress	1,225,784	140,013
	8,782,767	9,878,081
Less accumulated depreciation	(1,686,292)	(1,948,974)
Property and equipment, net	\$7,096,475	\$7,929,107

Depreciation expense totaled \$478,034 and \$400,419 for the years ended October 31, 2023 and 2022, respectively.

**Note 9 - COMPENSATED ABSENCES AND ACCRUED EMPLOYEE BENEFITS**

Certain full-time employees are entitled to paid time off depending on length of service and other factors. Accrued paid time off included in accounts payable and accrued liabilities was \$60,342 and \$90,094 as of October 31, 2023 and 2022, respectively.

**Note 10 - LINE OF CREDIT**

In June 2022, the Organization obtained a \$400,000 line of credit with a local bank with a variable interest rate of Wall Street Journal Prime Rate + 1%, (9.5% and 7.25% as of October 31, 2023 and 2022, respectively). The note is due on demand and expires June 21, 2025. The note is secured by all property of the Organization. During 2022, the organization made a single draw of \$134,579 on October 26, 2022. The line of credit had a balance of \$233,594 and \$134,579 as of October 31, 2023 and 2022, respectively.

In March 2023, the Organization obtained a \$500,000 line of credit with a local bank with a variable interest rate of Wall Street Journal Prime Rate + 1%, (9.5% as of October 31, 2023). The note is due on demand and was renewed in March 2024 through March 21, 2026. The note is secured by all property of the Organization. The line of credit had no balance as of October 31, 2023.

Interest expense totaled \$20,932 for the year ended October 31, 2023. There was no interest expense for the year ended October 31, 2022.

**Note 11 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of October 31, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
DHH Head Start - restricted property and equipment	\$ 1,799,991	\$3,892,927
Humanities and Education Programming	1,666,035	1,255,629
National Endowment for the Humanities Operating grant	348,288	180,860
Donor restricted endowment funds	343,250	343,250
Restricted Capital Campaign contributions	135,199	162,500
Earnings - endowment fund	<u>45,624</u>	<u>50,970</u>
Totals	<u>\$4,338,387</u>	<u>\$5,886,136</u>

During the years ended October 31, 2023 and 2022, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	<u>2023</u>	<u>2022</u>
DHH Head Start	\$ 17,344,185	\$13,516,566
National Endowment for the Humanities:		
Education Programming	-	232,742
Operations	932,010	1,417,876
USDA Child and Adult Care Food Program	619,867	580,599
Humanities and Education Programming	502,173	626,037
Capital Campaign	27,588	904,076
Earnings - endowment fund	<u>16,148</u>	<u>21,820</u>
Totals	<u>\$ 19,441,971</u>	<u>\$17,299,716</u>

**Note 12 - ENDOWMENT**

Management is of the belief that they have a strong fiduciary duty to manage the assets of the Organization's endowments in the most prudent manner possible. Management recognizes that the intent of the endowment is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets without donor restrictions.

*The Endowment.* The endowment consists of two individual funds, established for the purposes of fulfilling the Organization's mission and accomplishing its goals. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law.* The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as expressly requiring the preservation of the historical dollar value for donor restricted endowment funds absent explicit donor stipulations to the contrary.

The following are classified as restricted net assets in the accompanying consolidated financial statements:

- the original value of gifts donated to the endowment;
- the original value of subsequent gifts to the endowment; and
- accumulations to the endowment that are required to be held in perpetuity.

The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets is classified as net assets without restrictions. Amounts are appropriated for expenditure by the Organization in a manner consistent with the language of SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization; and
- the investment policies of the Organization.

**Note 12 - ENDOWMENT (Continued)**

Net endowment assets as of October 31, 2023 and 2022 consist of the following:

	2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Earnings - endowment fund	\$ -	\$ 45,624	\$ 45,624
Donor restricted endowment funds	-	343,250	343,250
Totals	\$ -	\$388,874	\$388,874
	2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Earnings - endowment fund	\$ -	\$ 50,970	\$ 50,970
Donor restricted endowment funds	-	343,250	343,250
Totals	\$ -	\$394,220	\$394,220

Changes in endowment funds net assets for the years ended October 31, 2023 and 2022 are as follows:

	October 31, 2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Endowment net assets, beginning of the year	\$ -	\$394,220	\$394,220
Investment income, net	-	10,802	10,802
Distributions	-	(16,148)	(16,148)
Endowment net assets, end of the year	\$ -	\$388,874	\$388,874

**Note 12 - ENDOWMENT (Continued)**

	October 31, 2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Endowment net assets, beginning of the year	\$ -	\$455,826	\$455,826
Investment loss, net	-	(39,786)	(39,786)
Distributions	-	(21,820)	(21,820)
Endowment net assets, end of the year	\$ -	\$394,220	\$394,220

*Underwater Endowment Funds.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of restricted contributions. There were no such deficiencies in restricted net assets as of October 31, 2023 and 2022.

*Return Objectives and Risk Parameters.* The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, endowment assets are invested in pooled investment accounts.

*Strategies Employed for Achieving Objectives.* Because the Organization seeks to maintain the endowment assets in perpetuity, and because the pooled investment accounts are held and maintained by established Foundations, management has elected to follow the general investment strategies of the Foundations which maintain the pooled investments.

*Spending Policy and How Investment Objectives Relate to the Spending Policy.* Management's policy for appropriating funds for annual expenditures is to distribute only earnings on endowed assets following the individual spending and distribution policies of the Foundation which maintains the pooled investment. Management has determined that the policies of the Foundations are consistent with the management's long-term objective to preserve the real purchasing power of the principal and provide a stable source of perpetual financial support.



**Note 13 - CONTRIBUTED NONFINANCIAL ASSETS**

For the years ended October 31, 2023 and 2022, contributed nonfinancial assets recognized in contributions and other grants on the Consolidated Statements of Activities included:

	2023	2022
Rent	\$ 994,698	\$ 1,215,531
Professional services	260,224	272,734
Totals	\$ 1,254,922	\$ 1,488,265

The Organization recognized contributed nonfinancial assets within contributions and other grants on the Consolidated Statements of Activities.

	Revenue Recognized 2023	Revenue Recognized 2022	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Rent	<u>\$ 994,698</u>	<u>\$ 1,215,531</u>	Head Start	No associated donor restrictions.	The Organization estimated the fair value based on an estimate of the cost of renting similar building space in similar
Professional fees and consultants	<u>\$ 260,224</u>	<u>\$ 272,734</u>	Head Start	No associated donor restrictions.	The Organization estimated the fair value based on an estimate of the cost of purchasing similar services.

**Note 14 - RETIREMENT PLAN**

The Organization sponsors a defined contribution plan covering all employees 21 years or older. The participant becomes fully vested after five years. The Organization decides the profit-sharing contribution, if any, to contribute each year to the individual retirement accounts for eligible employees based on a percentage of annual compensation. There was no profit sharing contributions for the years ended October 31, 2023 and 2022. For the years ended October 31, 2023 and 2022, there was a matching contribution of employee elective deferrals up to 4%. Contributions to the plan for the years ended October 31, 2023 and 2022 totaled \$178,496 and \$177,220, respectively.

**Note 15 - AVAILABILITY OF FINANCIAL ASSETS**

The Organization is substantially supported by contributions and grants. The Organization is also supported by program income, building income, and investment income. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$900,000. The Organization has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The following reflects the Organization's financial assets as of October 31, 2023 and 2022, reduced by amounts not available for general use because of donor-imposed restrictions.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$1,391,831	\$1,107,784
Accounts receivable	59,237	30,659
Grants receivable	785,437	561,364
Unconditional promises to give - current	314,049	300,000
Investments	<u>3,500,087</u>	<u>3,609,251</u>
Total financial assets	<u>6,050,641</u>	<u>5,609,058</u>
Less amounts unavailable for general expenditures, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions, net of restricted property and equipment of \$1,799,991 and \$3,892,927 as of October 31, 2023 and 2022, respectively	(2,195,146)	(1,649,959)
Endowment assets held in perpetuity	<u>(343,250)</u>	<u>(343,250)</u>
Total amounts unavailable for general expenditures	<u>(2,538,396)</u>	<u>(1,993,209)</u>
Financial assets available to meet cash needs for general expenditures	<u><u>\$3,512,245</u></u>	<u><u>\$3,615,849</u></u>

**Note 16 - COMMITMENTS**

The Organization entered into a five year contract commencing September 1, 2016, with a third party to perform functions associated with recruitment, teacher coaching and mentoring, health, family services, mental health and disabilities, and monitoring for Head Start programs in Monroe, Louisiana and Lafayette, Louisiana. This contract is operating on a month-to-month basis. The Organization incurred \$291,972 and \$614,214 in contract expenses for the years ended October 31, 2023 and 2022, respectively.

The Organization entered into a contract related to meal preparation for the students in Monroe and Lafayette, Louisiana. The contract expired July 31, 2019 and was renewed through July 31, 2020. The contract was subsequently renewed through September 30, 2025. The contract calls for a fixed amount per meal provided. The Organization incurred costs of \$950,425 and \$790,714 associated with the contract during the years ended October 31, 2023 and 2022, respectively.

The Organization has contracts with construction companies of approximately \$1,500,000 for building improvements of which approximately \$525,000 has been completed as of October 31, 2023.

**Note 17 - LEASE AGREEMENTS**

**Lessor**

The Organization maintains agreements to lease portions of its New Orleans office building. These lease terms range from \$292 to \$4,528 per month and expire through November 30, 2024. The future minimum rentals under these non-cancelable operating leases as of October 31, 2023 are as follows:

<u>Year Ending</u> <u>October 31,</u>	
2024	\$58,513
2025	<u>1,857</u>
Total	<u>\$60,370</u>

For the years ended October 31, 2023 and 2022, income from these leases totaled \$167,334 and \$138,050, respectively.

**Note 17 - LEASE AGREEMENTS (Continued)**

The Organization has the following lease agreements as of October 31, 2023:

<u>Lease Description</u>	<u>Lessor</u>	<u>Date Lease Commenced</u>	<u>Monthly Payment or Range of Payments</u>	<u>Lease Expiration</u>	<u>Terms of Lease</u>
Building Space	Local Church	October 2018	\$450	Month-to-month	
* Copier Equipment	Leasing Company	October 2019	\$250-\$501	October 2022 - April 2024	Will terminate through August 31, 2026.
* Building Space	Iberia Parish School District	December 2020	\$-	October 31, 2025	Monthly payment of \$2,000 for administration, lease term includes optional extensions.
Building Space	Non-Profit Organization	March 2021	\$-	October 31, 2025	Responsible for paying all repair and maintenance expenses.
* Building Space	Local Church	March 2021	\$10,710	February 28, 2026	Will terminate February 28, 2026.
Building Space	Rental Company	May 2021	\$638	August 31, 2024	Will terminate August 31, 2024.

\* Included in operating leases under FASB ASC 842

**Note 17 - LEASE AGREEMENTS (Continued)**

**Operating Leases**

Total lease expense was \$1,147,218 (including \$994,698 of contributed rent) and \$1,506,371 (including \$1,215,531 of contributed rent) for the years ended October 31, 2023 and 2022, respectively. Lease expense is reported in other operating expenses on the Consolidated Statement of Functional Expenses. See Note 13 for contributed nonfinancial assets.

Reported under FASB ASC 842 for the year ended October 31, 2023 is as follows:

	2023
<b>Lease Cost</b>	
Operating lease costs	\$ 152,520
<b>Cash Flow From Operating Activities</b>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 152,520
<b>Supplemental Lease Cash Flow Disclosures</b>	
Operating lease right-of-use assets obtained in exchange for new operating lease obligations	\$ 371,259
<b>Operating Leases</b>	
Right-of-use assets	\$ 371,259
Lease liabilities	\$ 371,259
<b>Weighted-Average Information</b>	
Weighted-average remaining lease in years	2.32 years
Weighted-average discount rate:	
Operating leases	4.4%

**Note 17 - LEASE AGREEMENTS (Continued)**

Future rental payments as of October 31, 2023 are as follows:

<u>Year Ending December 31,</u>	<u>Amounts</u>
2024	\$ 168,851
2025	168,851
2026	<u>64,312</u>
Total lease payments	402,014
Less amounts representing interest	<u>(30,755)</u>
Long-term lease obligation	<u>\$ 371,259</u>

**Note 18 - ECONOMIC DEPENDENCY**

The Organization receives a substantial portion of its revenue from grants provided by the National Endowment for the Humanities (NEH) and the Department of Health and Human Services (DHHS). The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Approximately 75% and 82% of the support was received from the NEH and the DHHS for the years ended October 31, 2023 and 2022, respectively.

**Note 19 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through April 19, 2024, which is the date the consolidated financial statement were available to be issued.

**SUPPLEMENTAL INFORMATION**

**CONSOLIDATING SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023

	Louisiana Endowment For The Humanities	Prime Time Family Reading	The Helis Foundation John Scott Center	Eliminations	Totals
<b>Support and Revenues</b>					
Government grants	\$1,155,391	\$14,582,536	\$ -	\$ -	\$15,737,927
Contributions, and other grants	3,829,603	1,262,475	46,149	-	5,138,227
Other	87,751	15,204	12,333	-	115,288
Investment income, net	110,814	402	-	-	111,216
Building income	237,135	10,500	4,699	(85,000)	167,334
Program income	396,979	-	-	-	396,979
	<u>5,817,673</u>	<u>15,871,117</u>	<u>63,181</u>	<u>(85,000)</u>	<u>21,666,971</u>
<b>Expenses</b>					
Salaries and benefits	2,743,170	9,534,694	-	-	12,277,864
Other operating expense	390,119	1,931,359	107,971	(85,000)	2,344,449
Contribution of property and equipment	-	1,902,570	-	-	1,902,570
Contributed rent and professional services	-	1,254,922	-	-	1,254,922
Consultants expense	539,415	622,385	50,438	-	1,212,238
Supplies and materials expense	482,836	445,939	2,500	-	931,275
Regrants	864,773	-	-	-	864,773
Building expense	172,922	372,026	3,824	-	548,772
Depreciation	210,072	267,962	-	-	478,034
Equipment expense	155,463	115,322	-	-	270,785
Travel expense	101,401	146,206	-	-	247,607
Meetings and events	129,770	39,356	6,250	-	175,376
Printing expense	135,948	3,480	-	-	139,428
Interest expense	6,935	-	13,997	-	20,932
Allocated expenses	(1,095,418)	1,051,458	43,960	-	-
	<u>4,837,406</u>	<u>17,687,679</u>	<u>228,940</u>	<u>(85,000)</u>	<u>22,669,025</u>
Change in net assets	980,267	(1,816,562)	(165,759)	-	(1,002,054)
<b>Net Assets</b>					
Beginning of year	<u>8,169,496</u>	<u>4,771,675</u>	<u>(60,928)</u>	<u>-</u>	<u>12,880,243</u>
End of year	<u>\$9,149,763</u>	<u>\$ 2,955,113</u>	<u>\$(226,687)</u>	<u>\$ -</u>	<u>\$11,878,189</u>



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

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023

**Agency Head Name:** Miranda Restovic, President/Executive Director

**Purpose**

Salary	\$0
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	<u>\$0</u> *

\* None of the President/Executive Director's salary, benefits, and other compensation is paid through public funding, except for travel.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Directors,  
Louisiana Endowment for the Humanities and  
Prime Time Family Reading,  
New Orleans, 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 consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading (the “Organization”) (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 19, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we consider the Organization’s internal control over financial reporting (“internal control”) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,  
April 19, 2024.

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

To the Board of Directors,  
Louisiana Endowment for the Humanities and  
Prime Time Family Reading,  
New Orleans, Louisiana.

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

**Opinion on Each Major Federal Program**

We have audited Louisiana Endowment for the Humanities and Prime Time Family Reading (the “Organization”) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended October 31, 2023. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, Cost Principles, and Audit Requirements for Federal Award (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 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.

### **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 Organization'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 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 the federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the 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

The results of our auditing procedures did not disclose instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

## Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
April 19, 2024.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023

<u>Federal Grantor/Program Title</u>	<u>Grant Number</u>	<u>Federal AL Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Costs</u>
<b>National Endowment for the Humanities</b>				
Promotion of the Humanities - Federal/State Partnership: State Humanities Program	SO-268680-20	45.129	\$ 991,899	\$531,364
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development: CARES Act Funding	AH-274439-20	45.162	<u>112,682</u>	<u>1,852</u>
			<u>1,104,581</u>	<u>533,216</u>
<b>U.S. Department of Agriculture</b>				
Pass-through Programs From: <u>Louisiana Department of Education:</u> Child and Adult Care Food Program	623997843	10.558	<u>620,314</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Head Start Grant	06CH011822	93.600	9,504,800	-
Head Start Grant	06CH012190	93.600	3,823,057	-
Head Start Grant - American Rescue Plan	06HE001334	93.600	<u>685,175</u>	<u>-</u>
			<u>14,013,032</u>	<u>-</u>
Total expenditures of federal awards			<u><u>\$15,737,927</u></u>	<u><u>\$533,216</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.



# **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

## **Louisiana Endowment for the Humanities and Prime Time Family Reading New Orleans, Louisiana**

For the year ended October 31, 2023

### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Louisiana Endowment for the Humanities and Prime Time Family Reading (the “Organization”). The Organization’s reporting entity is defined in Note 1 to the financial statements for the year ended October 31, 2023. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed through other government agencies.

#### **b. 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 the Organization’s financial statements for the year ended October 31, 2023. The Organization has elected to use the 10% *de minimus* indirect cost rate as allowed under Uniform Guidance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Louisiana Endowment for the Humanities  
and  
Prime Time Family Reading  
New Orleans, Louisiana**

For the year ended October 31, 2023

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of report issued on the consolidated financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_ Yes X None reported

Noncompliance material to consolidated financial statements noted? \_\_\_ Yes X No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? \_\_\_ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_ Yes X No

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_ Yes X No

**Section I - Summary of Auditor's Results (Continued)**

## c) Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.600	U.S. Department of Health and Human Services Head Start Grant
Dollar threshold used to distinguish between Type A and Type B programs: <u>\$750,000</u>	
Auditee qualified as a low-risk auditee? <u>X</u> Yes ___ No	

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Consolidated Financial Statements****Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended October 31, 2023.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended October 31, 2023.

**Compliance and Other Matters**

There were no compliance findings material to the consolidated financial statements reported during the audit for the year ended October 31, 2023.

**Section III - Federal Award Findings and Questioned Costs****Internal Control and Compliance Material to Federal Awards**

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended October 31, 2023 related to internal control and compliance material to federal awards.

**REPORTS BY MANAGEMENT**

**SCHEDULE OF PRIOR YEAR FINDINGS AND**  
**QUESTIONED COSTS**

**Louisiana Endowment for the Humanities**  
**and**  
**Prime Time Family Reading**  
New Orleans, Louisiana

For the year ended October 31, 2023

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Consolidated Financial Statements**

**Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended October 31, 2022.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended October 31, 2022.

**Compliance and Other Matters**

There were no compliance findings material to the consolidated financial statements reported during the audit for the year ended October 31, 2022.

**Section II - Internal Control and Compliance Material to Federal Awards**

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended October 31, 2022 related to internal control and compliance material to federal awards.

**Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended October 31, 2022.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Louisiana Endowment for the Humanities and Prime Time Family Reading New Orleans, Louisiana**

For the year ended October 31, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements**

#### **Internal Control Over Financial Reporting**

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended October 31, 2023.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended October 31, 2023.

#### **Compliance and Other Matters**

There were no compliance findings material to the consolidated financial statements reported during the audit for the year ended October 31, 2023.

### **Section II - Internal Control and Compliance Material to Federal Awards**

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended October 31, 2023, related to internal control and compliance material to federal awards.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended October 31, 2023.

**STATEWIDE AGREED-UPON PROCEDURE**

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

To the Board of Directors,  
Louisiana Endowment for the Humanities and  
Prime Time Family Reading,  
New Orleans, Louisiana.

We have performed the procedures described in Schedule 3 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period November 1, 2022 through October 31, 2023. Louisiana Endowment for the Humanities and Prime Time Family Reading (the “Organization”) management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period November 1, 2022 through October 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 described in Schedule 3.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the 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 these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants

New Orleans, Louisiana,  
April 19, 2024.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**Louisiana Endowment for the Humanities**  
**and**  
**Prime Time Family Reading**  
New Orleans, Louisiana

For the year ended October 31, 2023

The required procedures and our findings are as follows:

**1. Procedures Performed on the Organization's Written Policies and Procedures:**

A. Obtain and inspect The Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:

i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

ii. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.

Performance: Obtained and read the written policy for receipts and collections and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

**1. Procedures Performed on the Organization's Written Policies and Procedures:  
(Continued)**

- v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.  
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
Performance: Obtained and read the policies for contracting and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- viii. 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).  
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- ix. Ethics, including (1) 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.  
Not applicable for not-for-profit entities.
  
- x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.  
Not applicable for not-for-profit entities.

**1. Procedures Performed on the Organization's Written Policies and Procedures:  
(Continued)**

- xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Obtained and read the information technology disaster recovery/business continuity policy and found it to address all of the functions listed above.

Exceptions: There were no exceptions noted.

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

**2. Procedures Performed on the Organization's Board:**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Performance: The Organization's bylaws require a minimum of 4 meetings annually. We obtained and read minutes from 4 board meetings during the year ended October 31, 2023. The frequency of and quorum representation of those meetings was considered to be appropriate.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Organization's collections during the fiscal period.

Performance: Inspected meeting minutes and determined that the minutes referenced or included financial activity relating to public funds.

Exceptions: There were no exceptions noted.

**2. Procedures Performed on the Organization's Board: (Continued)**

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable for not-for-profit entities.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Not applicable. The Organization did not have audit findings for the year ended October 31, 2022.

**3. Procedures Performed on the Organization's Bank Reconciliations:**

- A. Obtain a listing of the Organization's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the Organization's main operating account and select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter that the listing is complete. The main account and 4 other accounts were subject to the statewide agreed-upon procedures.

Exceptions: There were no exceptions noted.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Obtained the selected monthly bank reconciliation for the month of April for the main operating bank account and the 4 additional accounts. Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

- ii. Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Performance: Inspected the Organization's documentation for the April bank reconciliations for the 5 bank accounts and verified a member of management who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation.

Exceptions: There were no exceptions noted.

**3. Procedures Performed on the Organization's Bank Reconciliations: (Continued)**

- iii. 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.

- Performance: Examined documentation from management reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

- Exceptions: There were no exceptions noted.

**4. Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers):**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

- Performance: Obtained the listing of deposit sites from management, and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

- Exceptions: There were no exceptions noted.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

- Performance: Obtained the listing of collection locations from management, and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

- Exceptions: There were no exceptions noted.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.
    - Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.
    - Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

- Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.

- Exceptions: There were no exceptions noted.

**4. Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)**

iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.

Exceptions: There were no exceptions noted.

iv. The employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Performance: Inspected policy manuals, inquired of client as to all of the requirements and observed the duties were properly segregated.

Exceptions: There were no exceptions noted.

C. 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 in force during the fiscal period.

Performance: Obtained a copy of the insurance policy for theft covering all employees who have access to cash. Observed that the insurance policy for theft was in force during the fiscal period.

Exceptions: There were no exceptions noted.

D. Randomly select 2 deposit dates for each of the Organization's bank accounts selected for procedures under "Procedures Performed on the Organization's Bank Reconciliations" #3A. Obtain supporting documentation for each of the deposits selected and:

i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that no deposits required pre-numbered cash receipts.

Exceptions: There were no exceptions noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Traced deposit slip total to actual deposit per bank statement.

Exceptions: There were no exceptions noted.

**4. Procedures Performed on the Organization's Collections (Excluding Electronic Funds Transfers): (Continued)**

- iv. 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).

Performance: Observed that the deposits tested were made within one business day of receipt.

Exceptions: There were no exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

Performance: Traced the actual deposit per the bank statement to the general ledger.

Exceptions: There were no exceptions noted.

**5. Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):**

- A. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Performance: Obtained a listing of locations that process payments for the fiscal period from management, and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

- B. For each location selected under procedure #5A, 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 Organization has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Performance: Obtained a listing of employees involved in non-payroll purchasing and payment functions and reviewed written policies and procedures related to employee job duties. Observed if the job duties were properly segregated.

Exceptions: There were no exceptions noted.

- i. At least 2 employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase. Observed at least 2 employees are involved.

Exceptions: There were no exceptions noted.



**5. Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

ii. At least 2 employees are involved in processing and approving payments to vendors.  
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least 2 employees are involved.  
Exceptions: There were no exceptions noted.

iii. The employees responsible for processing payments are prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.  
Performance: Obtained a listing of employees involved in processing payments to vendors. Observed that the employee involved in processing payments can add/modify vendor files. Confirmed that another employee is responsible for periodically reviewing changes to vendor files.  
Exceptions: There were no exceptions noted.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
Performance: Obtained a listing of employees involved with signing and mailing checks and verified they are not involved in the processing of payments.  
Exceptions: There were no exceptions noted.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearing house (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.  
Performance: Obtained a listing of employees/officials authorized to sign checks and verified they approve the electronic disbursements of funds.  
Exceptions: There were no exceptions noted.

C. For each location selected under procedure #5A, obtain the Organization'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:  
Performance: Obtained the Organization's non-payroll disbursement transaction population and received management's representation in a separate letter that the population is complete. Randomly selected 5 disbursements from the sole location that processes payment for testing.  
Exceptions: There were no exceptions noted.

**5. Procedures Performed on the Organization's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the Organization.

Performance: Observed the 5 disbursements matched the related original invoice/billing statements and documentation indicates deliverables were received.

Exceptions: There were no exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the Organization's main operating account and the month selected for procedures #3A under "Procedures Performed on The Organization's Bank Reconciliations", randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:

- i. Approved by only those persons authorized to disburse funds (e.g., sign checks) per the Organization's policy.

Performance: Observed the 5 disbursements included evidence of approval by authorized persons.

Exceptions: There were no exceptions noted.

- ii. Approved by the required number of authorized signers per the Organization's policy.

Performance: Observed the 5 disbursements included evidence of approval by required number of authorized signers.

Exceptions: There were no exceptions noted.

**6. Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards:**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Obtained a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

**6. Procedures Performed on the Organization's Credit Cards, Debit Cards, Fuel Cards, P-Cards: (Continued)**

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, select one monthly bank statement), obtain supporting documentation, and:

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

ii. Observe that finance charges and/or late fees were not assessed on the selected statements.

Performance: Observed that there were no finance charges and/or late fees assessed on the selected statements.

Exceptions: There were no exceptions noted.

C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to inspection).

For each transaction, report whether the transaction is supported by:

i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statements were supported by original itemized receipts that identify precisely what was purchased.

Exceptions: There were no exceptions noted.

ii. Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

iii. Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed that the selected transactions for meal charges were supported by documentation of the individuals participating in meals.

Exceptions: There were no exceptions noted.

**7. Procedures Performed on the Organization's Travel and Travel-Related Expense Reimbursements (Excluding Card Transactions):**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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:

Performance: Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period from management, and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement form and supporting documentation for 5 reimbursements.

Exceptions: There were no exceptions noted.

- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

Performance: Per diem was used for 3 of the 5 selected reimbursements. Agreed the reimbursement rate for the 3 selected reimbursements using a per diem rate to those rates established by the U.S. General Services Administration.

Exceptions: There were no exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Actual costs were used for 2 of the 5 selected reimbursements. Observed that the 2 reimbursements using actual cost were supported by an original itemized receipt that identified precisely what was purchased.

Exceptions: There were no exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy procedures #1A(vii).

Performance: Observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy procedure #1A(vii).

Exceptions: There were no exceptions noted.

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

Performance: Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person that received the reimbursement.

Exceptions: There were no exceptions noted.

**8. Procedures Performed on the Organization's Contracts:**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation in a separate letter 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:

Performance: Obtained 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, and received management's representation in a separate letter that the listing is complete. Selected 5 contracts for testing.

Exceptions: There were no exceptions noted.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Performance: Observed that the contracts selected did not require the bids to be in accordance with Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

Performance: Observed that the contracts selected did not require Board approval.

Exceptions: There were no exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms.

Performance: Observed that the contracts selected were not amended.

Exceptions: There were no exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Obtained supporting invoices, agreed invoices to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

**9. Procedures Performed on the Organization's Payroll and Personnel:**

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

Performance: Obtained a listing of employees employed during the fiscal period from management, and received management's representation in a separate letter that the listing is complete. Selected 5 employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: There were no exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees selected under procedure #9A, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Randomly selected one pay period to test attendance and/or leave taken during that period. Inspected daily attendance and leave record for proper documentation.

Exceptions: There were no exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees.

Performance: Observed that supervisors approved the attendance and leave of the selected employees.

Exceptions: There were no exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the Organization's cumulative leave records.

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- iv. Observe that the rate paid to the employees agrees to the authorized salary/pay rate found within the personnel file.

Performance: Agreed the pay rates to authorized salary/pay rates maintained in employee files.

Exceptions: There were no exceptions noted.

**9. Procedures Performed on the Organization's Payroll and Personnel: (Continued)**

- C. Obtain a listing of those employees that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select 2 employees and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments. Agree the hours to the employees' cumulative leave records and agree the pay rates to the employees' authorized pay rates in the employees' personnel files and agree the termination payments to the Organization's policy.

Performance: Inquired of management of those employees that the Organization terminated during the fiscal period. Selected 2 employees who were terminated with payouts of accrued leave. Traced calculations of payout to leave schedule and approved pay rate.

Exceptions: There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums have been paid, and any associated forms have been filed, by required deadlines.

Performance: Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed by the required deadlines.

Exceptions: There were no exceptions noted.

**10. Procedures Performed on the Organization's Ethics:**

- A. Using the 5 selected employees from Payroll and Personnel procedure #9A obtain ethics compliance documentation from management and:

Not applicable for not-for-profit entities.

- i. Observe whether the documentation demonstrates each employee completed one hour of ethics training during the period as required by R.S. 42:1170.

Not applicable for not-for-profit entities.

- ii. Observe whether the Organization maintains documentation which demonstrates each employee was notified of any changes to the Organization's ethics policy during the fiscal period, as applicable.

Not applicable for not-for-profit entities.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Not applicable for not-for-profit entities.

**11. Procedures Performed on the Organization’s Debt Service:**

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

Not applicable for not-for-profit entities.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable for not-for-profit entities.

**12. Procedures Performed on the Organization’s Fraud Notice:**

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

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period and obtained management’s representation in a separate letter; none were noted.

Exceptions: There were no exceptions noted.

- B. Observe the Organization 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.

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13. Procedures Performed on the Organization’s Information Technology Disaster Recovery/  
Business Continuity:**

- A. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- i. Obtain and inspect the Organization’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 Organization’s local server or network, and (c) was encrypted.

Performance: We performed the procedure and discussed the results with management.



**13. Procedures Performed on the Organization’s Information Technology Disaster Recovery/  
Business Continuity: (Continued)**

- ii. Obtain and inspect the Organization’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.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Organization’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.

Performance: We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Performance: We performed the procedure and discussed the results with management.

**14. Procedures Performed on the Organization’s Prevention of Sexual Harassment:**

- A. Using the 5 randomly selected employees from procedure #9A under “Procedures Performed on the Organization’s Payroll and Personnel”, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Not applicable for not-for-profit entities.

- B. Observe the Organization has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization’s premises if the Organization does not have a website).

Not applicable for not-for-profit entities.

- C. Obtain the Organization’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:

**14. Procedures Performed on the Organization's Prevention of Sexual Harassment:  
(Continued)**

- i. Number and percentage of public servants in the Organization who have completed the training requirements.  
Not applicable for not-for-profit entities.
- ii. Number of sexual harassment complaints received by the Organization.  
Not applicable for not-for-profit entities.
- iii. Number of complaints which resulted in a finding that sexual harassment occurred.  
Not applicable for not-for-profit entities.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.  
Not applicable for not-for-profit entities.
- v. Amount of time it took to resolve each complaint.  
Not applicable for not-for-profit entities.

**Management's Overall Response to Exceptions:**

There were no exceptions noted.