



THE FAMILY CENTER OF HOPE, INC.
Independent Auditor's Report and Financial Statements
For the Year Ended December 31, 2019

Wharton CPA, LLC

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The Family Center of Hope, Inc.
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Independent Auditor's Report

To the Board of Directors of Family Center of Hope:

Report on the Financial Statements

I have audited the accompanying financial statements of Family Center of Hope, which comprise the statement of financial position as of December 31, 2019, and the related statement of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Adverse Opinion

As discussed in Note 1 to the financial statements, the 2019 financial statements include a cash balance of \$578,214 which is in the bank account of another entity. Family Center of Hope, Inc. has no ownership in that entity. The financial statements also include a significant amount of expenses paid from that bank account.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly the financial position of Family Center of Hope as of December 31, 2019, or the changes in its net assets or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 29, 2023 on my consideration of Family Center of Hope's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Center of Hope's internal control over financial reporting and compliance.

Wharton CPA, LLC

New Orleans, Louisiana
December 29, 2023

**The Family Center of Hope, Inc.
Statement of Financial Position
As of December 31, 2019**

Assets

Current Assets

Cash \$ 927,642

Total Current Assets 927,642

Fixed Assets

Land 101,351

Construction In Progress 1,239,114

Building and Equipment 950,000

Accumulated Depreciation (505,101)

Total Fixed Assets (Net) 1,785,364

Total Assets \$ 2,713,008

Liabilities and Net Assets

Accounts Payable \$ 42,152

Loan Payable 15,946

Total Liabilities 58,098

Net Assets

Opening Net Assets \$ (59,737)

With Donor Restrictions 3,751,969

Without Donor Restrictions (1,037,322)

Total Net Assets 2,654,910

Total Liabilities and Net Assets \$ 2,713,008

The accompanying notes are an integral part of these financial statements

The Family Center of Hope, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants and Contributions	\$ -	\$ 71,678	\$ 71,678
Net Assets Released From Restrictions	-	-	-
Total Income	-	71,678	71,678
Expense			
Program Services	59,672	-	59,672
Management and General	29,734	-	29,734
Total Expense	89,406	-	89,406
Change In Net Assets	(89,406)	71,678	(17,728)
Net Assets (Beginning)	(947,916)	3,680,291	2,732,375
Net Assets (Ending)	<u>\$ (1,037,322)</u>	<u>\$ 3,751,969</u>	<u>\$ 2,714,647</u>

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

The Family Center of Hope, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

Expense	Program Services	Management & General	Total Expenses
Administrative Services	\$ 8,040	\$ 4,940	\$ 12,980
Personnel Expenses	19,285	-	19,285
Contracted Services	950	-	950
Utilities	10,292	1,662	11,954
Insurance	5,235	-	5,235
Supplies	15,412	-	15,412
Licenses and Fees	-	1,275	1,275
Printing & Copying	158	-	158
Depreciation	-	21,667	21,667
Bank Service Charge	-	190	190
Marketing	300	-	300
Total Expenses	\$ 59,672	\$ 29,734	\$ 89,406

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

The Family Center of Hope, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2019

Cash Flows From Operating Activities:

Changes in Net Assets	\$ (17,728)
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	21,667
Changes in Operating Assets and Liabilities	
Accounts Payable	<u>34,547</u>
Net Cash Used by Operating Activities	54,432

Cash Flows From Investing Activities:

Purchase/Sale of Fixed Assets	<u>(722,456)</u>
Net Cash Used by Investing Activities	(722,456)

Cash Flows From Financing Activities:

Net Cash Provided by Financing Activities	15,946
Net Cash Decrease for Period	<u>(652,078)</u>
Cash, At Beginning of Period January 1, 2019	<u>1,579,720</u>
Cash, At End of Period December 31, 2019	<u><u>\$ 927,642</u></u>

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

The Family Center of Hope, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Principles

General – The Family Center of Hope, Inc. is a not-for-profit social service organization based in New Orleans, Louisiana. Family Center of Hope's was developed to assist children and adults in especially low-income areas with new and innovative forms of education, literacy, and training.

The Family Center of Hope's mission is to be a holistic institution of education and social services from a faith based perspective to the entire family. These services are designed to address and effect change in the areas of community violence, drug use, school dropouts, teenage parenting and other dysfunctions within families. At the core of the center's philosophy is a deeply embedded set of values about families and the nature of how help should be extended to them.

Basis of Accounting – Family Center of Hope's financial statements are prepared on the accrual basis of accounting, in compliance with generally accepted accounting principles, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - The straight line method of depreciation is used for the assets owned by The Family Center of Hope, Inc. The estimated useful lives of these assets, which consists of furniture and equipment range from 3 to 5 years.

Income Taxes – The Family Center of Hope, Inc. has been determined to be tax exempt under Section 501 (c) (3) of the Internal Revenue Code. The agency's financial exposure would exist as it relates to potential unrelated business income.

Cash - Cash is comprised of cash on hand and in banks. There is \$578,214 reported in cash on the financial statements of Family Center of Hope, which is on deposit in another entity's bank account. Family Center of Hope has no ownership in the other entity.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change In Accounting Principle - Change in Accounting Principle FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities" in 2016. Under the ASU, the number of net asset classes is decreased from three to two; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how an entity manages its liquid available resources and liquidity risks is required. Family Center of Hope adopted ASU 2016-14 during the year ended December 31, 2018. In accordance with the ASU, previously reported amounts have been reclassified to the current presentation. The adoption of ASU 2016-14 had no impact on Family Center of Hope's total net assets.

The Family Center of Hope, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. Summary of Significant Accounting Principles (Continued)

Public Support and Revenue- In accordance with ASC 958-605, Revenue Recognition of Not-for-Profit Entities, contributions to Family Center of Hope are recorded when pledges are made. Allowances are provided for amounts estimated to be uncollectible. The allowance for uncollectible pledges is maintained at a level which the Board of Trustees (the Board) considers adequate based on prior collection experience and current economic conditions. All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Pledges outstanding that are designated for future periods are reported as with donor restriction.

Amounts received with donor stipulations that limit the use of the donated assets are reported as restricted support. When a donor 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 restriction and are reported in the statement of activities as net assets released from restrictions

2. Construction In Progress (CIP)- FEMA funds were provided through a Request for Public Assistance (RPA) for the purpose of completing major renovations to the building in which the program operates. The building suffered significant damage during Hurricane Katrina and remained in disrepair until FEMA funds were granted. All expenditures associated with the construction contract are recorded in CIP until all terms have been met for completion.

3. FIXED ASSETS

Property and equipment consisted of the following at December 31, 2019:

Furniture and Equipment	\$ 950,000
Accumulated Depreciation	<u>(505,101)</u>
Net Depreciable Assets	\$ 444,899
Construction In Progress	1,239,114
Land	<u>101,351</u>
Total Fixed Assets (net)	<u>\$1,785,364</u>

Depreciation expense was \$21,667 for the year ended December 31, 2019.

4. Economic Dependency

The Family Center of Hope, Inc. receives its funding primarily, from grants and private donations. The continuance of this program is dependent upon the agency's ability to continue receiving grants and donations, as well as to obtain new funding.

The Family Center of Hope, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2019

5. Functional Allocation of Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of The Family Center of Hope, Inc.

6. Liquidity and Availability of Resources

Family Center of Hope has a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Family Center of Hope's cash flows have variations during the year attributable to when payments are received from donors and grantors.

7. Net Assets Without Donor Restriction

Family Center of Hope's Board has historically designated certain contributions received without donor stipulations and the investment returns related to such contributions as net assets without donor restrictions in the statement of financial position in accordance with FASB ASC Topic 958, Not-for-Profit Entities. The deficit in net assets without donor restrictions of Family Center of Hope, is \$(259,134) at December 31, 2019.

8. Net Assets With Donor Restrictions- Net Assets with Donor Restrictions are restricted for the following purposes at December 31, 2019:

Building Renovations \$3,680,291.

9. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements are available to be issued, December 29, 2023 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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

**To the Board of Directors of
The Family Center of Hope, Inc.**

I have audited the financial statements of The Family Center of Hope, Inc. (a nonprofit organization) as of and for the year ended December 31, 2019, and have issued my report thereon dated December 29, 2023. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Family Center of Hope's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Center of Hope's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, significant deficiencies and material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, I did identify certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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. I consider deficiencies described in the accompanying schedule of findings and questioned costs as Items 2019-1, 2019-2, and 2019-3 to be material weaknesses.

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. I consider deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2, and 2019-3 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Center of Hope's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2 and 2019-3.

Family Center of Hope's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Family Center of Hope's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. Family Center of Hope's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wharton CPA, LLC

New Orleans, Louisiana
December 29, 2023



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

To the Board of Directors of The Family Center of Hope, Inc.

Report on Compliance for Each Major Federal Program

I have audited Family Center of Hope's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Family Center of Hope's major federal program for the year ended December 31, 2019. Family Center of Hope's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for Family Center of Hope's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Family Center of Hope's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion for each major federal program. However, my audit does not provide a legal determination of Family Center of Hope's compliance.

Basis for Adverse Opinion on Major Federal Program CFDA NO. 97-036

In my opinion, Family Center of Hope did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2019, as described in the accompanying schedule of findings and questioned costs as 2019-3.

Other Matters

The results of my auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-1, and 2019-2. My opinion on each major federal program is not modified with respect to these matters.

Family Center of Hope's response to the noncompliance findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Family Center of Hope's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control Over Compliance

Management of Family Center of Hope is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Family Center of Hope's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Family Center of Hope's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2, and 2019-3.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-1, 2019-2, and 2019-3.

Family Center of Hope's responses to the internal control over compliance findings identified in my audit are described on their letterhead at the end of this audit report. Family Center of Hope's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of Family Center of Hope, Inc. as of and for the year ended December 31, 2019, and the related notes to the financial statements. I have issued my report thereon dated December 29, 2023, which contained an adverse opinion on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is not presented fairly in all material respects to the financial statements taken as a whole.

Wharton CPA, LLC

December 29, 2023

The Family Center of Hope, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Family Center of Hope received federal financial assistance from the following programs:

<u>Program Name</u>	<u>Agency</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>
FEMA Disaster 1603- Louisiana Hurricane Katrina	Federal Emergency Management Agency(FEMA)	97.036	\$795,916

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation - This schedule includes the activity of the Family Center of Hope's and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The federal revenues were received and recognized in 2018.

The Family Center of Hope, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Part I – Summary of Auditor's Results

1. The independent auditor's report on the financial statements expressed an adverse opinion.
2. There are significant deficiencies disclosed during the audit of the financial statements.
3. There are instances of noncompliance considered material to the financial statements disclosed by the audit.
4. There are significant deficiencies in internal control over major federal award programs required to be reported during the audit.
5. There are audit findings required to be reported in accordance with guidance under FEMA's Disaster Program.
6. There are audit findings required to be reported in accordance with the Uniform Guidance.
7. The Project's major program is:

Name of Federal Program or Cluster

FEMA Disaster 1603 Louisiana Hurricane Katrina

8. There is only one federal program and it is classified as a Type A program as those terms are defined in the Uniform Guidance
9. Threshold used for determining Type A programs was \$750,000.
10. The Project did not qualify as a low-risk auditee as that term is defined in the Uniform Guidance.

Part II – Financial Statement Findings and Federal Award Findings

2019-1 Late Audit Report Filing

Condition: The audit for the year ended December 31, 2019 was not completed and submitted until 2024.

Criteria: Federal law requires audit submission no later than nine (9) months following the end of the fiscal year. The Louisiana State audit law (LRS 24:513) requires the agency to complete its reporting requirements to the State within six (6) months following the end of its fiscal year.

Cause: A previously engaged CPA did not complete the audit timely and the agency had to engage a different CPA.

Effect: The audit is late and not in compliance with State and Federal reporting requirements.

Recommendation: It is recommended that the Agency procure CPA services in a timely manner to meet its reporting obligations under both Federal and Louisiana State audit law.

The Family Center of Hope, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

2019-2 Public Bid Law

Condition: Family Center of Hope budgeted construction costs for damage to their property at over \$1,500,000, but the agency did not obtain formal bids for the work.

Criteria: The Louisiana State Public Bid law (RS 38-2212) requires the agency to advertise for and receive bids prior to contract issuance for public works exceeding \$250,000.

Cause: The cause is undeterminable.

Effect: The agency did not comply with the Louisiana Public Bid Law or Federal procurement laws.

Recommendation: It is recommended that the agency comply with all applicable federal, state, and local laws regarding procurement of services.

2019-3 Cash Recorded from Bank Account of Another Entity

Condition: Family Center of Hope provided financial statements including cash of \$578,214 that is in the bank account of another entity. The financial statements also included significant expenses paid from the same bank account.

Criteria: The financial statements of any entity should include only the assets owned by them.

Cause: The cause is undeterminable.

Effect: The agency provided financial statements that did not present fairly their financial position.

Recommendation: It is recommended that the agency compile financial statements that include only the assets owned by them.

The Family Center of Hope, Inc.
Status of Prior Year Findings
For the Year Ended December 31, 2019

2018-1 Late Audit Report Filing

Unresolved

Condition: The audit for the year ended December 31, 2018 was not completed and submitted until 2023.

Criteria: The Louisiana State audit law (LRS 24:513) requires the agency to complete its reporting requirements to the State within six (6) months following the end of its fiscal year.

2018-2 Public Bid Law

Unresolved

Condition: Family Center of Hope budgeted construction costs for damage to their property at over \$1,500,000, but the agency did not obtain formal bids for the work.

Criteria: The Louisiana State Public Bid law (RS 38-2212) requires the agency to advertise for and receive bids prior to contract issuance for public works exceeding \$250,000.

2018-3 Cash Recorded from Bank Account of Another Entity Unresolved

Condition: Family Center of Hope provided financial statements including cash of \$578,214 that is in the bank account of another entity. The financial statements also included significant expenses paid from the same bank account.

Criteria: The financial statements of any entity should include only the assets owned by them.



**FAMILY
CENTER
OF HOPE**

4422 SAINT CHARLES AVENUE
NEW ORLEANS, LA 70115

4137 WASHINGTON AVENUE
NEW ORLEANS, LA 70125

Response to Audit Finding 2019-1 Late Audit Report Filing

Family Center of Hope solicited 5 bids from Certified Public Accounting Firms who are listed on the Louisiana Legislative Auditor's approved list in preparation to conduct the required 2019 audit. The Board of Directors vetted and approved a CPA Accounting Firm to conduct the 2019 audit in January 2020, while still not in receipt of a completed 2018 audit. Family Center of Hope provided the CPA Accounting Firm with all the necessary documents to complete the 2019 audit. The CPA Accounting Firm never completed the audit. Upon receipt of all our documents after numerous request this CPA Accounting Firm in 2022, the Family Center of Hope Board of Directors selected another Certified Public Accounting firm on January 2023 from the approved listing to complete this and upcoming late audits.

Response to Audit Finding 2019-2 Public Bid Law

Family Center of Hope completed the public bid process guided by Modus, Inc. Architects and Planners and C Watson Group, LLC. [NOTE: The work performed was continued work of the previous City of New Orleans Building Permit (08 com-00841)].

No one submitted a bid due to the complexity of the project (SEE NOTE BELOW). FEMA urgently wanted the project moving. Therefore, with FEMA consultation the Family Center of Hope chose a "Design-Build" approach which is the selection of a licensed contractor and subs to complete the project. This process was in compliance with FEMA policy noted in the FEMA Public Assistance Handbook page 15:

Project Formation

Method of Work- a project may be grouped by how the work will be completed. For example, all work completed under a single contract may be a project. Or all work undertaken by a force account crew may be a project.

Complex- for extensive damage to several facilities at a complex (for example, a high school) all damage could be combined into one project, or separated into several projects, such as roof repair, or work done by a single contractor, or all repairs done by force account.

The project was completed within the scheduled construction timeline, passed all required inspections, and was not over budget.

[NOTE: Regarding no one submitting bids: it is our understanding that no one submitted bids because they were uncertain of the accuracy of the prior architectural drawings, uncertain of the accuracy of the construction work by the prior contractor, and the uncertainty of the existing

conditions and damages to the building. Due to these uncertainties no one submitted bids for HIGH RISK of potential profit lost and potential time lost on the project.]

Response to Audit Finding 2019-3 Cash Recorded from Bank Account of Another Entity

The Family Center of Hope, Incorporated understands the gravity of this adverse opinion as a result of FEMA funds for the "IMPROVED PROJECT" being in another account. We were poorly advised, which caused an error in our financial statements.

The account in question was solely used towards the completion of the Improved Project-4137 Washington Avenue.

- There has been no comingling of funds.
- Family Center of Hope's Finance Officer, Bookkeeper and Executive Director had sole governance of this account.
- The Family Center of Hope managed, accounted for all funds, received, deposited, obligated, and expended as proof of the financial statements.
- All funds are accounted for.

We are of the opinion that if the 2018 audit had been completed in a timely manner, this adverse opinion would have been immediately addressed and corrected.

As of this audit Family Center of Hope's funds are in Family Center of Hope's bank account as of December 2023.

We have hired a new accounting firm.