

CHEZ HOPE, INC.

Financial Statements

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chez Hope, Inc.
Franklin, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chez Hope, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chez Hope, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chez Hope, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chez Hope, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, on our consideration of Chez Hope, Inc.'s internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chez Hope, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 1, 2022

FINANCIAL STATEMENTS

CHEZ HOPE, INC.

Statement of Financial Position
June 30, 2022

ASSETS

Current assets	
Cash	\$ 609,420
Grants receivable	379,789
Other receivables	315
Prepaid expenses	<u>35,914</u>
Total current assets	<u>1,025,438</u>
Capital assets	
Land and construction in progress	84,000
Other depreciable, net of accumulated depreciation	<u>486,077</u>
Total capital assets	<u>570,077</u>
Other assets	
Security deposit	<u>7,500</u>
Total assets	<u>\$ 1,603,015</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Demand note payable	\$ 279,928
Accrued expenses	29,871
Unearned revenues	<u>399,215</u>
Total current liabilities	<u>709,014</u>
Net assets	
Without donor restrictions	
Undesignated	<u>894,001</u>
Total liabilities and net assets	<u>\$ 1,603,015</u>

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

CHEZ HOPE, INC.
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Increases in net assets			
Gains			
Loan forgiveness	\$ 166,022	\$ -	\$ 166,022
Support			
Federal financial assistance			
Department of Children and Family Services	-	812,341	812,341
Louisiana Commission on Law Enforcement -			
KKIDDS	-	216,256	216,256
VAWA	-	7,560	7,560
VOCA	-	479,420	479,420
State financial assistance			
Louisiana Coalition Against Domestic Violence	-	68,355	68,355
LA Nonprofit Grant	-	21,926	21,926
Local and private assistance			
United Way	33,556	-	33,556
Donations	28,179	-	28,179
In-kind donations	24,206	-	24,206
Department of Children and Family Services - Marriage Licenses	-	7,879	7,879
St. Mary Parish Government	19,144	-	19,144
Louisiana Bar Foundation -			
Interest on Lawyer's Trial Association (IOLTA)	-	60,000	60,000
Jock Scott Community Partnership Panel Grant	-	1,516	1,516
Total support	<u>105,085</u>	<u>1,675,253</u>	<u>1,780,338</u>
Revenues			
Batterer fees	40,443	-	40,443
Other	24,914	-	24,914
Fundraising	6,758	-	6,758
Total revenue	<u>72,115</u>	<u>-</u>	<u>72,115</u>
Total revenues, gains, and other support	343,222	1,675,253	2,018,475
Assets released from restrictions	<u>1,804,241</u>	<u>(1,804,241)</u>	<u>-</u>
Total increase (decrease) in net assets	<u>2,147,463</u>	<u>(128,988)</u>	<u>2,018,475</u>
Decreases in net assets			
Program services	1,514,745	-	1,514,745
Supporting services -			
Management and general	247,959	-	247,959
Fundraising	4,970	-	4,970
Total decreases in net assets	<u>1,767,674</u>	<u>-</u>	<u>1,767,674</u>
Changes in net assets	379,789	(128,988)	250,801
Net assets, beginning	<u>514,212</u>	<u>128,988</u>	<u>643,200</u>
Net assets, ending	<u>\$ 894,001</u>	<u>\$ -</u>	<u>\$ 894,001</u>

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

CHEZ HOPE, INC.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Automobile	\$ 19,130	\$ 6,376	\$ -	\$ 6,376	\$ 25,506
Bank charges	-	718	-	718	718
Building and auto interest	16,267	856	-	856	17,123
Children's program	3,629	-	-	-	3,629
Contract labor	13,400	-	-	-	13,400
Depreciation expense	72,252	-	-	-	72,252
Dues and subscriptions	1,386	-	-	-	1,386
Equipment expense	102,375	-	-	-	102,375
Fundraising expenses	-	-	4,970	4,970	4,970
In-kind donations	24,206	-	-	-	24,206
Insurance	75,164	16,994	-	16,994	92,158
Miscellaneous	-	6,926	-	6,926	6,926
Office supplies and expenses	94,661	20,913	-	20,913	115,574
Postage and delivery	-	1,027	-	1,027	1,027
Printing and reproduction	12,729	-	-	-	12,729
Professional fees	-	34,925	-	34,925	34,925
Rent	67,900	-	-	-	67,900
Repairs and maintenance	67,993	-	-	-	67,993
Salaries	619,597	140,086	-	140,086	759,683
Security	32,509	-	-	-	32,509
Shelter supplies	60,741	-	-	-	60,741
Taxes - payroll	49,230	11,131	-	11,131	60,361
Telephone	37,525	4,170	-	4,170	41,695
Travel and entertainment	5,828	-	-	-	5,828
Utilities	58,552	3,837	-	3,837	62,389
Victim assistance	79,671	-	-	-	79,671
	<u>\$ 1,514,745</u>	<u>\$ 247,959</u>	<u>\$ 4,970</u>	<u>\$ 252,929</u>	<u>\$ 1,767,674</u>

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

CHEZ HOPE, INC.

Statement of Cash Flows
Year Ended June 30, 2022

Operating activities	
Revenues collected	\$ 2,010,536
Payments for program services	(1,071,930)
Payments for support services	(247,103)
Payments for fundraising	(4,970)
Interest payments	<u>(17,123)</u>
Net cash provided by operating activities	<u>669,410</u>
Investing activities	
Acquisition/construction of capital assets	<u>(122,797)</u>
Financing activities	
Payments on long-term debt	(10,440)
Payments on demand note payable	(11,381)
Forgiveness of long-term debt	<u>(164,891)</u>
Net cash used by financing activities	<u>(186,712)</u>
Net change in cash	359,901
Cash, beginning	<u>249,519</u>
Cash, ending	<u>\$ 609,420</u>
Reconciliation of net change in net assets to net cash provided by operating activities	
Change in net assets	\$ 250,801
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	72,252
Changes in assets and liabilities	
Grants receivable	(7,624)
Other receivables	(315)
Prepaid expenses	2,103
Accrued expenses	(5,812)
Deferred revenues	365,505
Security deposits	<u>(7,500)</u>
Total adjustments	<u>418,609</u>
Net cash provided by operating activities	<u>\$ 669,410</u>

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

CHEZ HOPE, INC.

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Nature of organization

Chez Hope, Inc. is a non-profit organization that provides a wide range of services to victims of domestic violence. Its core service is providing shelter and support for victims and children. In addition, a 24-hour crisis line, individual assessment, and case management are provided. Chez Hope, Inc. is also actively involved with community education including law enforcement training and support groups. Chez Hope, Inc. coordinates domestic abuse intervention through the court system and provides additional services to child victims of domestic violence.

B. Economic dependence

Chez Hope, Inc. receives a significant portion of its funding through the Louisiana Department of Children and Family Services and Louisiana Commission on Law Enforcement. Should these agencies cut their funding or disallow items, Chez Hope, Inc. may be required to reduce its services.

C. Significant accounting policies

Financial statement presentation

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

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

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

D. Support and expenses

All revenues and support are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. 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 restrictions in the statement of activities as “net assets released from restrictions.”

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

E. Allowance for doubtful accounts

Chez Hope, Inc. considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided.

F. Property and equipment

Purchased property and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with federal grant funds are recorded as contributions with donor restrictions. In the absence of donor stipulations regarding how long the assets must be used, the organization has adopted a policy of implying a time restriction that expires over the useful life of the assets. Chez Hope, Inc. maintains a threshold level of \$2,500 or more for capitalizing assets.

Depreciation is computed by the straight-line method based on the following estimated lives:

	<u>Years</u>
Vehicles	5
Furnishings and equipment	7
Improvements	10
Buildings	30

G. Compensated absences

Vacation and sick leave are recorded as expenses of the period in which earned. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 180 hours of prior unused vacation is payable upon retirement for all employees. At June 30, 2022, the accrued vacation leave amounted to \$28,148.

H. Donated services and Office Space

Chez Hope, Inc. receives a significant amount of donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under professional standards have not been satisfied. The fair value of donated services not reflected in the financial statements for the year ended June 30, 2022 was \$66,000.

Chez Hope, Inc. utilized all contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions. Chez Hope, Inc. does not have a policy whether to monetize or utilize contributed nonfinancial assets. Chez Hope Inc. received donated office space with a fair value of \$24,206 for the year ended June 30, 2022 which meet the criteria of recognition in the financial statements. The value of the use of donated office space is estimated based upon market rates. The donated office space is used for outreach services.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

I. Cash and cash equivalents

For the purposes of the statement of cash flows, Chez Hope, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated based on time and effort.

K. Income taxes

Chez Hope, Inc. is recognized by the Internal Revenue Service as a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except to the extent it has unrelated business income. Income from certain activities not directly related to Chez Hope, Inc.'s tax-exempt purpose is subject to taxation. If Chez Hope, Inc. were to be subject to unrelated business income tax, these taxes would be included in management and general expenses in the accompanying statement of activities.

L. Advertising

Advertising costs, identified on the Statement of Functional Expenses and printing and reproduction, are expensed as incurred. Advertising expense was \$12,729 in 2022.

(2) Accounting Estimates

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

(3) Liquidity and Availability of Resources

Chez Hope, Inc. has \$989,524 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$609,420 and grants and other receivables of \$380,104. As part of the Chez Hope, Inc.'s liquidity management, the organization maintains sufficient cash balances throughout the year through the receipt of grants and donations to support the organization's objectives. To help manage unanticipated liquidity needs, Chez Hope, Inc. has a committed revolving line of credit in the amount of \$100,000.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(4) Grants Receivable

Grants receivable consisted of the following at June 30, 2022:

Louisiana Commission on Law Enforcement	
VOCA	\$ 93,887
KKIDDS	67,587
Louisiana Coalition Against Domestic Violence	32,253
Department of Children and Family Services	<u>186,062</u>
	<u>\$379,789</u>

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 33,000	\$ -	\$ -	\$ 33,000
Construction in progress	-	51,000	-	51,000
Capital assets being depreciated				
Buildings and improvements	619,714	24,209	-	643,923
Office furniture and equipment	173,226	8,611	-	181,837
Vehicles	<u>135,180</u>	<u>38,977</u>	-	<u>174,157</u>
	961,120	122,797	-	1,083,917
Accumulated depreciation	<u>(441,588)</u>	<u>(72,252)</u>	-	<u>(513,840)</u>
Property and equipment, net	<u>\$ 519,532</u>	<u>\$ 50,545</u>	<u>\$ -</u>	<u>\$ 570,077</u>

Depreciation expense totaling \$72,252 was recognized in the statement of activities for the year ended June 30, 2022.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(6) Line of Credit

Chez Hope, Inc. has a revolving line of credit with First National Bank for up to \$100,000 as of June 30, 2022. Interest on the line of credit is payable monthly at a rate of 6% per annum. The line of credit matures on August 5, 2022. Chez Hope, Inc. has no outstanding advances on the line of credit as of June 30, 2022. The line of credit is secured by UCC Collateral and Real Estate Collateral.

(7) Notes Due on Demand

Notes due on demand is comprised of the following at June 30, 2022:

Demand note payable to First National Bank bearing interest at 5.50% per annum, due in monthly installments of \$2,251 including interest, maturing in December 2037, secured by real property with a carrying value of \$241,961 and all furniture, equipment, and contents with a carrying value of \$92,732.

\$ 279,928

The note is due on demand, but if no demand is made, is payable as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 11,914
2024	12,586
2025	13,296
2026	14,045
2027	14,838
2028-2032	87,728
2033-3037	115,425
2038	10,096
	<u>\$ 279,928</u>

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(8) Contingencies

Chez Hope, Inc. receives grants for specific purposes that are subject to review and audit by the agency providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

(9) Operating Leases

At June 30, 2022, Chez Hope, Inc. had three operating leases in effect. The leases cover buildings and property in various locations used to serve the recipients of the organization's services. Total rent expense related to the operating leases for the year ended June 30, 2022, totaled \$67,900. Lease periods and options to renew are as follows:

<u>Lease</u>	<u>Lease Period</u>	<u>Option to Renew</u>
Lease #1	2 years, 4 months	2 years, 8 months
Lease #2	1 year	1 year
Lease #3	5 years	5 years

Minimum future lease rental payments under noncancelable operating leases having terms in excess of one year as of June 30, 2022 are as follows:

<u>Year Ended June</u>	<u>Amount</u>
2023	\$ 116,400
2024	116,750
2025	120,600
2026	120,950
2027	114,400
	<u>\$ 589,100</u>

(10) Concentration of Credit Risk

Cash and cash equivalents consist of cash held in checking and savings accounts on deposit in a local bank. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, cash balances exceeded FDIC insurance coverage by \$450,217.

(11) Subsequent Events

Management has evaluated subsequent events through December 1, 2022, the date which the financial statements were available for issue.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(12) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R. S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the Executive Director, Cherrise Picard, for the year ended June 30, 2022, are as follows:

Annual salary	\$ 90,177
Benefits - Insurance	6,123
Travel - Hotel	<u>108</u>
Total	<u>\$ 96,408</u>

(13) New Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements. The effect of implementation of this new pronouncement on the Organization's financial statements has not yet been determined.

SUPPLEMENTARY INFORMATION

CHEZ HOPE, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through Louisiana Commission on Law Enforcement				
Crime Victim Assistance	16.575			
Domestic Violence Program (St Mary) 4		2019-VA-03-5756	-	205,527
Domestic Violence Program (Iberia) 4		2019-VA-02-5757	-	148,363
Domestic Violence Program (St. Martin) 4		2019-VA-02-5758	-	111,296
Domestic Violence Program (Assumption) 7		2019-VA-04-5839	-	14,234
Victim Assistance Program (St. Mary) (KKIDSS) 4		2019-VA-02-5759	-	113,230
Victim Assistance Program (Iberia) (KKIDSS) 4		2019-VA-02-5760	-	103,026
Total Crime Victim Assistance Programs			-	<u>695,676</u>
Violence Against Women Formula Grants	16.588			
Domestic Violence Program		2020-WF-03-5730	-	7,560
Total United States Department of Justice			-	<u>703,236</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Louisiana Department of Children and Family Services				
Family Violence Prevention and Services	93.671			
COVID-19 American Rescue Plan		ARP-1	-	121,348
COVID-19 American Rescue Plan		ARP-2	-	80,387
COVID-19 Family Violence Prevention Services Program		CARES ACT	-	11,248
Family Violence Prevention Services Program		2021-2022	-	599,358
Total United States Department of Health and Human Services			-	<u>812,341</u>
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,515,577</u>

The accompanying notes to schedule of expenditures of federal awards are an integral part of this schedule.

CHEZ HOPE, INC.

Notes to Schedule of Expenditures of Federal Awards

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Chez Hope, Inc. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Chez Hope, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Chez Hope, Inc.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available.

(3) Indirect Cost Rate

Chez Hope, Inc. has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Relationship to Financial Statements

Federal financial assistance revenues are reported in Chez Hope, Inc.'s financial statements as follows:

Statement of Activities-

Federal and state financial assistance	
Department of Children and Family Services	\$ 812,341
Louisiana Commission on Law Enforcement -	
KKIDDS	216,256
VAWA	7,560
VOCA	479,420
Total federal and state financial assistance	<u>\$ 1,515,577</u>

(5) Donated PPE Purchased with Federal Assistance Funds for the COVID-19 Response

Chez Hope, Inc. did not receive donated PPE purchased with federal assistance funds for the COVID-19 response.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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

To the Board of Directors
Chez Hope, Inc.
Franklin, Louisiana

We have audited, in accordance with the audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified a deficiency in internal control that we consider to be a significant deficiency, and which is described as item 2022-001 in the accompanying schedule of findings and questioned costs.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chez Hope, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Chez Hope, Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the response of Chez Hope, Inc. to the findings identified in our audit and described in the accompanying corrective action plan for current audit findings (Appendix B). Chez Hope, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chez Hope, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statutes 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 1, 2022

KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of Directors
Chez Hope, Inc.
Franklin, Louisiana

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of Chez Hope, Inc. with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have direct and material effect on Chez Hope Inc.'s major federal program for the year ended June 30, 2022. Chez Hope, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Chez Hope, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of Chez Hope, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Chez Hope, Inc.'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 Chez Hope, Inc.'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 Chez Hope, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Chez Hope, Inc.'s compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Chez Hope, Inc.'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 Chez Hope, Inc.'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 Chez Hope, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during 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. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 1, 2022

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I. Summary of Auditor's Results

Financial Statements

1. Type of opinion issued on financial statements: Unmodified
2. Internal control over financial reporting:
- | | | | | |
|---|-------|-----|-------|---------------|
| Material weakness(es) identified? | _____ | yes | _____ | no |
| Significant deficiency(ies) identified? | _____ | yes | _____ | none reported |
3. Noncompliance material to the financial statements? _____ yes ✓ no

Federal Awards

4. Internal control over major federal programs:
- | | | | | |
|---|-------|-----|-------|---------------|
| Material weakness(es) identified? | _____ | yes | _____ | no |
| Significant deficiency(ies) identified? | _____ | yes | _____ | none reported |
5. Major programs and type of auditor's report issued:

Assistance Listing Number	Federal Agency and Name of Major Program	Type of Opinion
93.671	U.S. Department of Health and Human Services Family Violence Prevention and Services	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)? _____ yes ✓ no
7. Threshold for distinguishing type A and B programs? \$ 750,000
8. Qualified as a low-risk auditee? _____✓ yes _____ no

Other

9. Management letter issued? _____ yes ✓ no

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2022

Part II: Findings Related to an Audit in Accordance with Government Auditing Standards

2022-001 Financial Reporting

Fiscal year finding initially occurred: June 30, 2019

CONDITION: Chez Hope, Inc. lacks adequate staff and the expertise to properly prepare financial statements in accordance with U.S. GAAP.

CRITERIA: Chez Hope, Inc.'s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements and to apply GAAP in the preparation of those financial statements and related disclosures.

CAUSE: The condition results from the relatively small size of Chez Hope, Inc. and the increased costs of hiring personnel to prepare GAAP-based financial statements.

EFFECT: GAAP-based financial statements are not prepared by Chez Hope, Inc.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

VIEW OF RESPONSIBLE OFFICIALS: See corrective action plan for current audit findings.

Part III: Findings and Questioned Costs for Federal Awards

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A



Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Findings reported in accordance with Government Auditing Standards:

Internal Control –

2021-001 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to not-for-profit entities in the financial statement preparation process.

CURRENT STATUS: This finding was not yet resolved as of June 30, 2022.

Compliance –
None

Findings for federal awards defined in the Uniform Guidance -
None

Management Letter Findings –
None

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State Crisis
Hotline
1-888-411-1333

chezhope.org



CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B

Chez Hope, Inc.
Family Violence Crisis Center



October 24, 2022

Kolder, Slaven & Company, LLC
1201 David Drive
Morgan City, LA 70380

Dear Gerald,

The following is in response to the finding resulting from Chez Hope, Inc.'s audit:

2022-001 Financial Reporting

Chez Hope, Inc. lacks adequate staff and the expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles (GAAP)

Management's Response

At the end of the fiscal year ended June 30, 2022, Chez Hope, Inc. hired an accounting firm with an understanding of GAAP to provide bookkeeping services.

Name of contact person responsible for corrective action: Cherrise Picard, Executive Director.

Anticipated completion date for the corrective action: Corrective action has been completed.

Sincerely,

Cherrise Picard

Ms Cherrise Picard, Exec Director
Chez Hope Inc.

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CHEZ HOPE, INC.

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2021 through June 30, 2022

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Chez Hope, Inc., and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Chez Hope, Inc.'s management is responsible for those control and compliance areas identified in the SAUPs.

Chez Hope, Inc. 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 control and compliance areas identified in LLA's SAUPs and report on exceptions based upon the procedures performed for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

Written Policies and Procedures

1. Obtain and inspect Chez Hope Inc.'s written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and Chez Hope Inc.'s operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the subcategories noted above.

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

Written policies and procedures were obtained but do not specifically address the subcategories noted above. Chez Hope, Inc. does not utilize a purchase order system.

- c) **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the subcategories noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the subcategories noted above, with the exception of management's actions to determine completeness of all collections.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the subcategories noted above, with the exception of subcategory (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained but do not specifically address the subcategories noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and address the subcategories noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and address the subcategories noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to Chez Hope Inc.'s ethics policy.

Chez Hope, Inc. is a non-profit entity; therefore, written policies and procedures related to ethics are not applicable.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Chez Hope, Inc. is a non-profit entity; therefore, written policies and procedures related to debt service are not applicable.

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

Written policies and procedures were obtained but do not specifically address the subcategories noted above.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Chez Hope, Inc. is a non-profit entity; therefore, written policies and procedures related to sexual harassment are not applicable.

Board or Finance Committee

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

Not applicable—Chez Hope, Inc. is a non-governmental entity.

Bank Reconciliations

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

Obtained a listing of client bank accounts for the fiscal period and management's representation that the listing was complete. Management identified the District's main operating account. No other accounts are used for daily operations. One month from the fiscal period randomly selected using random number generator.

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

No exceptions were found as a result of this procedure

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

No exceptions were found as a result of this procedure

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of this procedure

Collections (excluding EFTs)

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

Obtained 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. Selected Chez Hope, Inc.'s one (1) deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were found as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

Chez Hope, Inc. does not use a receipt system. However, receipts are recorded on a deposit log.

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

Traced deposit logs, system reports, and other related collection documentation to the deposit slip.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

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

This AUP category was covered under federal program testing during Chez Hope Inc.’s Uniform Guidance audit for the fiscal year ended June 30, 2022. Therefore, this category was excluded from testing during AUP procedures.

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

b) At least two employees are involved in processing and approving payments to vendors.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]

10. For each location selected under #8 above, obtain Chez Hope Inc.'s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2022. Therefore, this category was excluded from testing during AUP procedures.

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

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

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2022. Therefore, this category was excluded from testing during AUP procedures.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2022. Therefore, this category was excluded from testing during AUP procedures.

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

Payroll and Personnel

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2022. Therefore, this category was excluded from testing during AUP procedures.

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in Chez Hope Inc.'s cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

Chez Hope Inc. is a non-profit entity not subject to ethics testing.

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

Debt Service

Debt Service is not applicable to Chez Hope, Inc. and excluded from testing.

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

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

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

Sexual Harassment

Chez Hope Inc. is a non-profit entity not subject to the sexual harassment testing.

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

Management's Response

Chez Hope, Inc. concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Chez Hope, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable provisions of *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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 Chez Hope, Inc. 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 1, 2022