

**EFFORTS OF GRACE, INC
FINANCIAL STATEMENTS
WITH
ACCOUNTANT'S COMPILATION REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**



TABLE OF CONTENTS

	<u>PAGE</u>
ACCOUNTANT’S COMPILATION REPORT.....	1
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021	2
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021.....	4
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021.....	5
NOTES TO THE FINANCIAL STATEMENTS	6
AGENCY HEAD COMPENSATION	20
SCHEDULE OF FINDINGS.....	22



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
EFFORTS OF GRACE, INC
New Orleans, Louisiana

Management is responsible for the accompanying financial statements of EFFORTS OF GRACE, INC (EOG), which comprise of the Statement of financial position as of December 31, 2021, and the related statement of Activities and changes in net assets, statement of functional expenses and statement of cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying schedules of agency head compensation and Schedule of Federal Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement, but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

A handwritten signature in black ink, appearing to read 'VGR, CPA', is written over a horizontal line.

VGR, CPA
New Orleans, Louisiana

September 12, 2022

EFFORTS OF GRACE, INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021

	2021
ASSETS	
Assets	
Cash (NOTES 2 and 6)	\$1,708,930
Promises to Give (NOTE 4)	3,566,666
Accounts receivable	49,656
Prepaid expenses and other assets	38,382
Investments	257,085
Property and equipment, net Notes 5 and 8)	4,129,785
Total Assets	\$9,750,504
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable and accrued liabilities	\$93,594
Security deposits	11,809
Custodial accounts (NOTE 6)	81,076
Other liabilities (NOTE 7)	108,531
Mortgage and notes payable (NOTE 8)	1,477,544
Total Liabilities	1,772,554
Net Assets	
Without donor restrictions	7,264,219
With donor restrictions (NOTE 9)	713,731
Total Net Assets	7,977,950
Total Liabilities and Net Assets	\$9,750,504

The accompanying notes are an integral part of these financial statements

EFFORTS OF GRACE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>INCOME</u>	<u>Without</u> <u>Restriction</u>	<u>With</u> <u>Restriction</u>	<u>Total</u>
Grant revenue (NOTE 10)	\$3,319,279	\$ 3,000,000	\$ 6,319,279
Event revenue	54,027	-	54,027
Contributions (NOTE 10)	27,202	-	27,202
Rental Income	224,232	-	224,232
Ticket sales	735	-	735
Gift sales	28,037	-	28,037
Other Income	59,326	-	59,326
Net Assets Released from Restriction	#####	<u>\$ (3,486,269)</u>	-
Total Income	\$7,199,106	\$ (486,269)	\$ 6,712,837
 <u>EXPENSES</u>			
Program Services	1,738,732	-	1,738,732
Support Services	937,666	-	937,666
Fundraising	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Total Expenses	2,718,398	-	2,718,398
Change in net assets	4,480,708	(486,269)	3,994,439
Net assets, beginning of year	2,783,510	1,200,000	3,983,510
Net assets, end of year	7,264,218	713,731	7,977,949

The accompanying notes are an integral part of these financial statements

EFFORTS OF GRACE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services	Fundraising	Total
Gift Sales Cost	11,955	11,955	-	23,910
Dues and Subscriptions	5,002	-	-	5,002
Stipend	4,310	-	-	4,310
Web Site Expense	850	850	-	1,700
Licenses and Permits	8	8	-	15
Postage and Delivery	1,176	1,176	-	2,352
Decor Expense	2,740	-	-	2,740
Catering	6,058	6,058	-	12,117
Grant & contract expense	37,680	-	-	37,680
Contracts - program-rela	209,300	112,700	-	322,000
Salaries & wages - other	448,657	241,584	-	690,241
Payroll taxes	36,596	19,706	-	56,302
Payroll Expenses	5,066	2,728	-	7,794
Fringe Benefits	31,660	17,048	-	48,707
Professional Fees	315,404	148,425	-	463,829
Legal fees	-	10,000	-	10,000
Consulting	16,480	16,480	42,000	74,960
Meals	9,079	9,079	-	18,158
Field Trip Expense	1,684	-	-	1,684
Merchant Fees	9,672	4,552	-	14,224
Insurance	44,170	20,786	-	64,955
Supplies	30,258	14,239	-	44,497
Bank Charges	-	512	-	512
Computer Supplies	2,345	1,103	-	3,448
Software Exp	8,204	3,861	-	12,064
Telephone & telecommunic	10,501	4,942	-	15,443
Postage, shipping, deliv	215	101	-	316
Equipment	13,887	6,535	-	20,422
Printing & copying	3,630	1,708	-	5,338
Books, subscriptions, re	2,728	-	-	2,728
Building Contracts	-	5,811	-	5,811
Rent, parking, other occ	40,835	19,216	-	60,051
Utilities	62,964	29,630	-	92,595
Real estate taxes	617	617	-	1,235
Repairs and Maintenance	62,190	29,266	-	91,457
Security System	622	293	-	915
Donations	7,048	-	-	7,048
Travel	25,308	11,910	-	37,218
Conference	2,116	-	-	2,116
Tickets	1,370	-	-	1,370
Gas	240	113	-	353
Parking	-	153	-	153
Depreciation & amortizat	148,936	70,088	-	219,024
Misc expenses	20,178	9,496	-	29,674
Loan Interest	62,798	29,552	-	92,349
Membership dues - organi	2,360	-	-	2,360
Advertising expenses	17,395	8,186	-	25,580
Total Expenses	1,738,732	937,666	42,000	2,718,397

The accompanying notes are an integral part of these financial statements

EFFORTS OF GRACE, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities

Change in net assets	\$ 3,994,440
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	219,024
Increases in promises to give	(2,366,666)
Increase in accounts receivable	(30,891)
Increase in prepaid expense	(10,480)
Decrease in accounts payable and accrued liabilities	707
Decrease in security deposits	655
Decrease in custodial accounts	26,110
Increase in other liabilities	(66,700)
Decrease in line of credit payable	-
Net cash provided by operating activities	1,766,199

Cash Flows from Investing Activities

Acquisition of investments	(253,900)
Addition to property and equipment	(500,287)
Net cash used in investing activities	(754,187)

Cash Flows from Financing Activities

Increases in note payable and line of credit	141,837
Net cash used in investing activities	141,837

Net increase in cash and equivalents	1,153,849
Cash - Beginning of year	555,081
Cash - End of year	\$ 1,708,930

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

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATION:

Efforts of Grace, Inc. (EGI) is a not-for-profit, 501(c)(3), organization that creates and supports programs, activities, and creative works emphasizing the contributions of people of African descent. **EGI** is a leading African- American cultural institution in New Orleans, and has evolved into an institutional presence in New Orleans advancing opportunity and possibility for people of color in their creative, cultural, social and economic pursuits.

One of the most visible projects of EGI is the operation of the Ashe' Cultural Arts Center (Ashe' CAC). The mission of Ashe' CAC is to use art and culture to support community development. Ashe' CAC was created in 1993 for the purposes of producing, creating, and encouraging art, images, and performances by and about African-Americans that emphasize their powerful contributions to the welfare of the community. Located in Central City, the Ashe' CAC provides opportunities for art presentations, community development, artist support, and the creation of partnerships that amplify outreach and support efforts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

The financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting

EGI has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958). In accordance with the provisions of FASB Accounting Standards Codification (ASC) 958 *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations, **EGI** classifies resources for accounting and reporting purposes into two net asset categories, which are net assets without donor restrictions and net assets with donor restrictions.

A description of the two net asset categories is as follows:

Net assets without donor restrictions include contributions not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **EGI** are included in this category.

Net assets with donor restrictions include realized gains and losses, investment income, gifts and contributions for which donor-imposed restrictions have not been met and contributions stipulated by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operation in accordance with the donor restrictions.

Statement of Cash Flows

For purposes of the statement of cash flows, **EGI** considers all highly liquid investments with original maturities of three months or less that are not restricted for specific purposes to be cash equivalents. At December 31, 2021, **EGI** had no cash equivalents.

Investments

In accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures of \$1,000 or greater that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of buildings, automobiles, furniture, fixtures and equipment is computed as follows:

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life (years)</u>
Furniture and equipment	Straight-line	3 to 7
Buildings	Straight-line	30
Automobiles	Straight-line	5

Support and Revenues

Contract revenues and revenues from federal grants structured as exchange transactions are recognized when earned.

Contributions are recognized upon receipt or when the donor makes a promise to give **EGI** that is, in substance, unconditional. Grants (if considered nonexchange transactions) and contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any restrictions.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Support and Revenues, Continued

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Deferred revenues arise when resources are received by **EGI** before it has a legal claim to them. In subsequent periods, when **EGI** has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced. **EGI** had no deferred revenues at December 31, 2021.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted based on time and effort, square footage utilized and full-time equivalents, as applicable.

Income Taxes

EGI is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is made in the accompanying financial statements. Should **EGI's** tax-exempt status be challenged in the future, **EGI's** 2018, 2019 and 2020 tax years are open for examination by the IRS.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - ECONOMIC DEPENDENCY:

The primary sources of revenues for EGI are grants and contributions provided through various funding agencies and donors. The continued success of EGI is dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

NOTE 4 - PROMISES TO GIVE:

Unconditional promises to give are recorded as receivables and revenue when received. EGI distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. At December 31, 2021, \$3,566,666 of promises to give are outstanding. Promises to give have not been discounted due to immateriality of discounts and are being reported at face value and are due as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 2,683,333
2023	<u>883,333</u>
	<u>\$3,566,666</u>

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - PROPERTY AND EQUIPMENT:

As of December 31, 2021, property and equipment and related depreciation consist of the following:

Land	\$ 60,000
Building	6,014,836
Furniture and equipment	<u>90,640</u>
	6,165,476
Less: accumulated depreciation	<u>(2,035,691)</u>
Total	\$ <u>4,129,785</u>

Certain property and equipment serve as collateral for a mortgage and a note payable. (See NOTE 8)

NOTE 6 - CUSTODIAL ACCOUNTS:

The liability account "Custodial Accounts" represents funds received by **EGI** on behalf of other religious, charitable, or educational institutions. **EGI** acts as the fiscal agent for these funds. Custodial liabilities. at December 31, 2021 totaled \$81,076.

NOTE 7 - OTHER LIABILITIES:

On January 1, 2021 an agreement was reached between **EGI** and **EGI's** Co-pounder and Former Executive Director to retroactively provide a Retirement Package upon her retirement and leadership of EGI which was effective as of December 31, 2019 (retirement date). This agreement provided for payment of \$24,769 in December 2021 and subsequent monthly payments of \$5,558 beginning January 15, 2021 terminating August 15, 2023 totaling \$175,231, which is included other liabilities, for a total retirement package of \$200,000. This liability is non-interest bearing and any imputed interest is deemed immaterial.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8- MORTGAGE AND NOTES PAYABLE:

A summary of the mortgage and notes payable as of December 31, 2021 is as follows:

Mortgage payable to a bank bears interest at a variable rate currently at 7.000% and requires fourteen (14) regular payments of \$8,831 and one (1) irregular payment estimated at \$937,340 including interest. The mortgage matures on July 7, 2021, at which time a balloon principal payment and accrued interest are due. The loan is secured by real estate. Subsequent to year end this agreement was extended under comparable terms maturing on March 7, 2024 and currently **EGI** is negotiating the refinancing of this mortgage payable.

\$1,317,161

Total mortgage payable 1,317,161

An unsecured note payable to an individual bearing interest at 0.0% payable at a maturity date of the earlier of (a) December 15, 2018 and (b) the date on which all amounts become due and payable upon default at which time the entire principal amount of the note becomes immediately due and payable. At December 31, 2021, **EGI** is in default under the terms of the note payable. Subsequent to year-end the maturity date of this note was extended to December 31, 2022. (see NOTE 15).

15,611

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - MORTGAGE AND NOTES PAYABLE, CONTINUED:

Note payable (Secured Disaster Loan) to the Small Business Administration (SBA) dated May 21, 2021 with an annual interest rate of 2.75%. **EGI** must make all payments at the place the SBA designates. **EGI** must pay principal and interest payments of \$641 every month beginning twelve (12) months from the date of the note payable. The SBA will apply each installment payment first to pay interest accrued to the date the SBA receives the payment and will then apply any remaining balance to reduce principal. This note payable is secured by real estate. All remaining principal and accrued interest is due and payable thirty (30) years from the date of the note payable.

144,772

Total notes payable

160,383

Total mortgage and notes payable

\$1,477,5447

Following are scheduled payments due on the mortgage and notes payable to maturity:

Year Ending December 31,	Amount
2022	119,824
2023	104,213
2024	104,213
2025	104,213
2026	104,213
Thereafter	940,870

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2021, net assets with restrictions are available for the following uses:

Purpose and time restrictions for operations and various projects	<u>\$3,566,666</u>
Total net assets with restrictions	<u>\$3,566,666</u>

For the year ended December 31, 2021, net assets of \$3,486,269 were released from donor restrictions resulting from satisfaction of time and/or purpose restrictions.

NOTE 10 - GRANTS AND CONTRIBUTIONS:

Grants and contributions revenue consisted of the following for the year ended December 31, 2021:

<u>Grants</u>	<u>Amount</u>
Federal	\$186,600
State and local grants	6,800
Others	<u>6,125,879</u>
Total grants	<u>\$6,319,279</u>
 <u>Contributions</u>	
Private foundations, trusts and others	<u>\$ 27,202</u>
Total contributions	<u>\$ 27,202</u>

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

EGI has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development and recreational assistance. Such contracts are generally for six (6) to twelve (12) month periods.

EGI is a recipient of grants from a state and local government. This grant is governed by various local government guidelines, regulations and contractual agreements. Also, **EGI** is a recipient of grants from private foundations, trusts and nonprofit organizations.

The administration of the programs and activities funded by these grants is under the control and administration of **EGI** and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

NOTE 12 - RISK MANAGEMENT:

EGI is exposed to various risks of loss related to torts, theft, or damages to and destruction of assets for which **EGI** is insured under commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 13 - CONCENTRATION OF CREDIT RISK:

EGI maintains cash balances at local banks. The Federal Deposit Insurance Corporation (FDIC) provides coverage on non-interest bearing accounts and all other deposits up to \$250,000. At December 31, 2021, **EGI** had uninsured bank balances of \$1,402,686.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14- LEASES:

EGI has an operating lease for rental of space and equipment which is non-cancelable over the remaining the term of the lease. Minimum future rental payments under the non-cancelable operating lease having rental terms in excess of one year at December 31, 2021 are as follows:

<u>Year Ending</u>	<u>Amount</u>
2022	91,250
2023	91,250
2024	91,250
2025	<u>59,250</u>
	<u>\$333,000</u>

Rental expense under the non-cancelable operating lease for the year ended December 31, 2021 was \$91,250.

NOTE 15 - RELATED PARTY:

Included in **EGI's** liabilities at December 31, 2021 are one (1) note payable in the aggregate amount of \$15,611 to **EGI's** former Executive Director. Additionally, included in other liabilities is \$108,531 also due to **EGI's** former Executive Director. Total amounts due to **EGI's** former Executive Director was \$124,142 at December 31, 2021 (see NOTES 7 and 8).

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (DEFICITS):

The following reflects **EGI's** financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are available for use within one year for general purposes include cash, investments, promise to give and accounts receivable.

Financial assets at year end	\$5,582,337
Less those unavailable for general expenditures within one year due to:	
Security deposit	11,809
Custodial accounts	81,076
Other liabilities	108,531
Donor-restricted net assets	<u>713,731</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>5,246,657</u>

NOTE 17- NEW PRONOUNCEMENTS:

The FASB also issued Accounting Standards Update No. 2016-02 affecting ASC 842, *Leases*, which provides guidance for any entity that enters into a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 *Leases*. The primary objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2021.

EGI is currently assessing the impact of these new pronouncements on its financial statements.

EFFORTS OF GRACE, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 18 - SUBSEQUENT EVENT:

EGI's operations may be continued to be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID 19) which was declared a pandemic by the World Health Organization in March 2021. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in an adverse impact on **EGI's** subsequent financial statements. Possible effects may include, but not limited to, disruption of EGI's operations and related revenue, unavailability of products and supplies used in operations and possible decline in assets held by EGI, including property and equipment.

SUPPLEMENTARY INFORMATION

EFFORTS OF GRACE, INC.
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2021

Chief Executive Officer: Ms. Asali Devan Ecclesiastes - Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$111,567
Benefits - insurance	-0-
Benefits - retirement	-0-
Benefits - other	-0-
Car allowance	-0-
Vehicle provided by organization	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

*Compensation, reimbursements, benefits and other payments to the Chief Executive Officer were made from private contributions to **EGI**.

SCHEDULE II
FINANCIAL STATEMENTS FINDING

EFFORTS OF GRACE
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021, CONTINUED

SCHEDULE II - Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:

Audit Finding Reference Number

2021-001 - Untimely Submission of Audit Report

Criteria

Pursuant to the requirement of Louisiana Statute R.S. 24:513 a. (5)(a)(i), annual financial reports shall be completed within six (6) months of the close of an entity's fiscal year, and according to Uniform Guidance 2 CFR Part 200.512(a), Single audits are required to be completed and the data collection form and reporting package submitted within the earlier of thirty (30) days after receipt of the auditor's report, or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit. If the due date falls on a Saturday, Sunday or federal holiday, the reporting package is due the next business day.

Conditions and Perspective

The December 31, 2021 compilation report was not submitted within the prescribed time frames.

Cause

Management failed to ensure that the audit report was issued within prescribed timeliness.

Effect

EOG has not complied with the audit requirement of the State of Louisiana or the Federal government

EFFORTS OF GRACE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021, CONTINUED

SCHEDULE II - Financial Statement Findings, Continued

INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:

Audit Finding Reference Number

2021-001 - Untimely Submission of Audit Report, continued:

Recommendation

I recommend that the management of EOG take steps to ensure that the financial audit is submitted within the prescribed state and Federal deadlines.

Management's Response

Due to a misunderstanding management was unaware that PPP loans were taken into account for legislative auditor reporting. As such EOG was operating as though it did not have a reporting requirement to the Legislative auditor. Management is now working under a different understanding.