

NORTHLAKE HOMELESS COALITION

FINANCIAL REPORT

DECEMBER 31, 2021

NORTHLAKE HOMELESS COALITION

TABLE OF CONTENTS

DECEMBER 31, 2021

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT.....	1 - 3
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 14
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....	15
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 <i>GOVERNMENT AUDITING STANDARDS</i>	16 -17
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE <i>UNIFORM GUIDANCE</i>	18-20
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	21
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	23-24



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northlake Homeless Coalition
Slidell, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northlake Homeless Coalition (Coalition) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statement 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 Northlake Homeless Coalition as of December 31, 2021 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 Northlake Homeless Coalition and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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 Northlake Homeless Coalition'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 Northlake Homeless Coalition'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 Northlake Homeless Coalition'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 Compensation, Benefits, and Other Payments to Agency Head and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are also presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 Compensation, Benefits, and Other Payments to Agency Head and schedule of expenditures of federal awards are 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 September 23, 2022, on our consideration of Northlake Homeless Coalition'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 Northlake Homeless Coalition'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 Northlake Homeless Coalition's internal control over financial reporting and compliance.

Duplantier, Sharpner, Hogan and Gruber, LLP

New Orleans, Louisiana

NORTHLAKE HOMELESS COALITION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash	\$ 75,226
Grants receivable	244,626
Total current assets	319,852

PROPERTY AND EQUIPMENT: (net of accumulated depreciation of \$11,057)

60,742

TOTAL ASSETS

\$ 380,594

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 87,791
Accrued payroll	10,583
Accrued interest	6,875
Capital lease obligation	1,217
Due to HUD	16,775
Total current liabilities	123,241

NON-CURRENT LIABILITIES:

Capital lease obligation	3,897
SBA Economic Injury Disaster Loan	150,000
Due to HUD	16,775
Total non-current liabilities	170,672

TOTAL LIABILITIES

293,913

NET ASSETS:

Without donor restrictions	86,681
Total net assets	86,681

TOTAL LIABILITIES AND NET ASSETS

\$ 380,594

See accompanying notes.

NORTHLAKE HOMELESS COALITION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES AND OTHER SUPPORT:	
Governmental Grants	\$ 913,352
Agency fee income	47,123
Donations and contributions	2,130
Other income	2,093
Total revenues and other support	<u>964,698</u>
EXPENSES:	
Program services	808,462
Management and general	187,151
Total expenses	<u>995,613</u>
CHANGE IN NET ASSETS	(30,915)
NET ASSETS - BEGINNING OF YEAR	<u>117,596</u>
NET ASSETS - END OF YEAR	<u><u>\$ 86,681</u></u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
EXPENSES:			
Salaries and related benefits	\$ 413,866	\$ 103,466	\$ 517,332
Rental Assistance	42,723	-	42,723
Outreach supplies	20,313	-	20,313
Motel vouchers	28,043	-	28,043
Other program expenses	147,198	-	147,198
HMIS	82,931	-	82,931
Professional fees	-	15,013	15,013
Insurance	14,242	3,560	17,802
Auto expense	137	34	171
Utilities	3,988	997	4,985
Depreciation	7,736	1,934	9,670
Interest	5,500	1,375	6,875
Phone	8,258	2,065	10,323
IT	3,712	928	4,640
Rent	9,120	2,280	11,400
Printing	663	166	829
Cleaning	2,400	600	3,000
Storage	1,256	314	1,570
Meeting expenses	2,663	666	3,329
Training	9,702	2,425	12,127
Dues	772	193	965
Other	3,240	810	4,050
HUD repayment	-	50,324	50,324
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 808,462</u>	<u>\$ 187,151</u>	<u>\$ 995,613</u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (30,915)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,670
(Increase) decrease in operating assets:	
Grants receivables	39,515
Increase (decrease) in operating liabilities:	
Accounts payable	38,154
Accrued payroll	10,583
Accrued interest	6,875
Refundable advance	(6,838)
HUD repayment	33,550
Net cash provided by operating activities	<u>100,594</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	<u>(52,349)</u>
Net cash used in investing activities	<u>(52,349)</u>
NET INCREASE IN CASH	48,245
CASH - BEGINNING OF YEAR	<u>26,981</u>
CASH - END OF YEAR	<u><u>\$ 75,226</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Noncash investing and financing transactions:	
Lease of equipment:	
Equipment	<u>\$ 5,109</u>
Capital lease obligation	<u>\$ (5,109)</u>
Cash paid for the following:	
Interest	<u>\$ -</u>
Income tax	<u>\$ -</u>

See accompanying notes.

NORTHLAKE HOMELESS COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Northlake Homeless Coalition (the Coalition), a Louisiana non-profit organization, is a network of private and public service providers working together to end the ravages of homelessness in the southeast Louisiana parishes of Livingston, St. Helena, St. Tammany, Tangipahoa, and Washington. The Coalition's mission is to eliminate and thereafter prevent homelessness in this region. The objectives of the Coalition is to serve as the Department of Housing and Urban Development (HUD) designated Continuum of Care (CoC) for this region and align with HUD's stated purpose of the CoC program to: provide a community wide commitment to the goal of ending homelessness; provide funding for efforts to quickly re-house individuals and families experiencing homelessness; promote access to and effective use of mainstream programs; and optimize self-sufficiency among persons experiencing homelessness.

Federal Income Taxes

The Coalition is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for Federal or State income taxes have been recorded in the financial statements.

Basis of Accounting

The Coalition prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

The Coalition follows the provisions of the Not-for-Profit Entities Topic 958 of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the Not-for-Profit Entities Topic of the FASB ASC, the Coalition is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- a) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

NORTHLAKE HOMELESS COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Basis of Presentation (Continued)

- b) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of December 31, 2021, there are no net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Cash and Cash Equivalents

For financial statement purposes, the Coalition considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives, which range from 1 to 15 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized. Property acquisitions of non-expendable items with a value in excess of \$1,000 and a useful life of more than one year are capitalized and depreciated. Any purchases below this threshold are expensed.

Revenue and Support

Northlake Homeless Coalition receives as revenue and support grant revenues which management has determined are contributions. Northlake Homeless Coalition recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the

NORTHLAKE HOMELESS COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Revenue and Support (Continued)

conditions on which they depend have been met. Once the condition is met, contributions are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Functional Expenses

The costs of providing the Coalition's program and supporting services have been presented on a functional basis in the statement of activities which presents the natural classification detail of expenses by function. Expenses are first allocated by direct identification and then allocated if an expenditure benefits more than one program or function. Allocated expenses are allocated based on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimated time spent for each function. All other expenses are allocated to functions based upon management's estimate of usage applicable to conducting these functions.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the year.

2. CASH:

The Coalition's bank balance as of December 31, 2021 was \$76,176. This balance is fully insured by the Federal Deposit Insurance Corporation (FDIC), which insures up to \$250,000 per account category per financial institution.

3. GRANTS RECEIVABLE:

Under the terms of the various grant agreements, the Coalition had a total due from various grantors of \$244,626 at December 31, 2021. The Coalition has determined that an uncollectible allowance is not required, and the balance is considered to be fully collectible.

NORTHLAKE HOMELESS COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. PROPERTY AND EQUIPMENT:

The following is a summary of changes in property and equipment for the year ended December 31, 2021:

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2021</u>
Furniture and fixtures	\$ 3,535	\$ 5,109	\$ -	\$ 8,644
Computer Equipment	10,806	9,109	-	19,915
Vehicles	-	43,240	-	43,240
	<u>14,341</u>	<u>57,458</u>	<u>-</u>	<u>71,799</u>
Accumulated depreciation	<u>(1,387)</u>	<u>(9,670)</u>	<u>-</u>	<u>(11,057)</u>
Net property and equipment	<u>\$ 12,954</u>	<u>\$ 47,788</u>	<u>\$ -</u>	<u>\$ 60,742</u>

5. LEASE COMMITMENTS:

The Coalition entered into a lease agreement for office space in the amount of \$950 per month. The lease agreement is a two-year agreement commencing October 1, 2019 with the option to extend for two additional terms of two years each. The Coalition did not elect the option to extend the lease. The lease converted to a month to month lease effective October 1, 2021. Total rent expenses for the year ended December 31, 2021 was \$11,400.

6. CAPITAL LEASE:

During the fiscal year ended December 31, 2021, the Coalition entered into a capital lease for a copy machine. The original net present value of the copy machine under the agreement is \$5,109 using an imputed interest rate of 3.25%. Under the terms of the agreement, the ownership of the equipment will transfer to the Coalition at the end of the agreement, if the Coalition exercises its purchase option. The equipment in the amount of \$5,109 is included in capital assets. The principal and interest expense for the year ended December 31, 2021 was \$-0-. First payment on the lease is due on January 15, 2022.

Future payments on the agreement as of December 31, 2021, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,217	\$ 148
2023	1,257	108
2024	1,299	67
2025	1,341	24
	<u>\$ 5,114</u>	<u>\$ 346</u>

NORTHLAKE HOMELESS COALITION
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. SBA ECONOMIC INJURY DISASTER LOAN:

The Coalition entered into a loan agreement with the SBA on May 28, 2020 in the amount of \$150,000 to be used for working capital to alleviate economic injury caused by the disaster occurring in the month of January 31, 2020. Interest of 2.75% per annum will accrue on funds advanced from the SBA. Monthly installment payments, including interest and principal in the amount of \$641 will begin 12 months from the date of the promissory note with the balance due 30 years from the date of the promissory note. Collateral on the loan includes tangible and intangible personal property of the Coalition. On April 16, 2022, a modification was made on the original loan for an additional \$100,000, which deferred the first monthly payment to begin 24 months from the original date of the loan. The balance of the loan as of December 31, 2021 is \$150,000. Interest accrued on the loan as of December 31, 2021 is 6,875.

Future payments on the loan as of December 31, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,397	\$ 4,106
2023	3,679	4,013
2024	3,782	3,910
2025	3,887	3,805
2026-Thereafter	136,255	50,731
	<u>\$ 150,000</u>	<u>\$ 66,565</u>

8. FEDERAL AND STATE GRANTS:

The Coalition participates in a number of federal and state grant programs, which are governed by various rules and regulations of each grantor agency. Costs charged to each respective grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Coalition has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables at December 31, 2021 may be impaired. As a result of an audit by HUD the Coalition is required to repayment funds received through the Continuum of Care grant in the amount of \$50,324 beginning January 2021. The repayment consist of a biannual payment in the amount of \$8,387 for three years. The balance of funds due to HUD as of December 31, 2021 is \$33,550.

In the opinion of the management of the Coalition, there are no other significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NORTHLAKE HOMELESS COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. REVENUE RECOGNITION:

Agency Fee Income

The Coalition's exchange transactions include revenues from agency fee income. Agency fee income are revenue for services provided by the Coalition to assist other agencies in obtaining funding. Earnings are based on a percentage of funds received by each Agency.

Revenue from agency fee income is recognized in the period of the service performed and there are no other performance obligations, which exist, and collectability is reasonably assured.

Contributions

The Coalition receives federal and state grants which management has determined are contributions. The federal and state grants that are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are recognized when the Coalition has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

During the year ended December 31, 2021, the Coalition received grant funds from the Department of Housing and Urban Development, Louisiana Housing Corporation and United Way of Southeast Louisiana. The conditional grants are reported as revenue when qualifying expenses are incurred. Any conditional grant funds received in which the performance has not been met is reported as refundable advances in the statement of financial position. There were no refundable advances for conditional grants for the year ended December 31, 2021.

10. UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Coalition believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Coalition monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Coalition has available.

NORTHLAKE HOMELESS COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consist of the following:

Cash	\$ 75,226
Grants receivables	<u>244,626</u>
	<u><u>\$ 319,852</u></u>

12. ECONOMIC DEPENDENCY:

A significant amount of the Coalition's funding is provided through federal and state grants. If significant budget cuts are incurred by grantors, the amount of funds received by the Coalition could be significantly reduced and adversely affect the Coalition's operations. Management is not aware of any actions that will adversely affect the amount of funding to be received by the Coalition in the next fiscal year.

13. SUBSEQUENT EVENTS:

On April 16, 2022 the SBA amended their loan agreement to increase the original loan by \$250,000. The terms of the new loan are for 30 years bearing an interest rate of 2.75% with monthly payments in the amount of \$1,102 beginning 24 months from the original note. Management has evaluated subsequent events through the date that the financial statements were available to be issued, which was September 23, 2022.

SUPPLEMENTARY INFORMATION

NORTHLAKE HOMELESS COALITION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMPENSATION, BENEFITS, AND
 OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Amanda Stapleton, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 73,787
Benefits - insurance	-
Benefits - retirement	-
Reimbursements	<u>3,433</u>
	<u>\$ 77,220</u>

Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees be reported as a supplemental report within the financial statements of local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.



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INDEPENDENT AUDITORS' 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

September 23, 2022

Board of Directors
Northlake Homeless Coalition
Slidell, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northlake Homeless Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 September 23, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Sharpness, Hogan and Parker, LLP
New Orleans, Louisiana



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

September 23, 2022

Board of Directors
Northlake Homeless Coalition
Slidell, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northlake Homeless Coalition's (the Coalition) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal programs for the year ended December 31, 2021. The Coalition's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Coalition's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Coalition's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Coalition's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Coalition’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 and the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the Coalition'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. 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.

Duplantier, Sharpness, Hogan and Oakes, LLP

New Orleans, Louisiana

NORTHLAKE HOMELESS COALITION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/ Pass-Through Grantor/ <u>Program Name</u>	<u>Grant Number</u>	Assistance <u>Listing Number</u>	<u>Federal Expenditures</u>
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Continuum of Care Program	HMIS	LA0330L6H061901	14.267
Continuum of Care Program	HMIS Admin	LA0330L6H061902	14.267
Continuum of Care Program	Planning Grant	LA0352L6H061900	14.267
Continuum of Care Program	CAAS SS	LA0329L6H061901	14.267
Continuum of Care Program	CAAS Admin	LA0329L6H061902	14.267
Continuum of Care Program (DV)	CAAS DV	LA0351D6H061900	14.267
Continuum of Care Program (DV)	CAAS DV Admin	LA0351D6H062001	14.267
			<u>11,446</u>
			<u>574,912</u>
<u>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Louisiana Housing Corporation			
Emergency Solutions Grant		14.231	<u>345,626</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 920,538</u></u>

See the accompanying notes to the schedule of expenditures of federal awards.

NORTHLAKE HOMELESS COALITION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021

BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northlake Homeless Coalition under programs of the federal government for the year ended December 31, 2021. The information in the schedule of expenditures of federal awards 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 of expenditures of federal awards presents only a selected portion of the operations of Northlake Homeless Coalition, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northlake Homeless Coalition.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northlake Homeless Coalition and is presented on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when Northlake Homeless Coalition has met the cost of reimbursement or funding qualifications for the respective grants.

INDIRECT COST RATE:

During the year ended December 31, 2021, the Coalition did not elect to use the 10% de minimis cost rate as covered in §200.414 of *The Uniform Guidance*.

NORTHLAKE HOMELESS COALITION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? _yes Xno
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _yes Xno

Noncompliance material to financial statements noted? _yes Xno

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _yes Xno
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _yes Xno

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of *The Uniform Guidance*: _yes Xno

Identification of major program:

<u>Assistance Listing Number</u>	<u>Program Title</u>	<u>Amount Provided</u>
14.267	Continuum of Care	<u>\$574,912</u>

- The threshold for distinguishing types A & B programs was program expenditures exceeding \$750,000.
- Northlake Homeless Coalition did not qualify as a low-risk auditee.

NORTHLAKE HOMELESS COALITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021

FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING*
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

None

NORTHLAKE HOMELESS COALITION

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD JANUARY 1, 2021
THROUGH JULY 31, 2021

NORTHLAKE HOMELESS COALITION

TABLE OF CONTENTS

FOR THE PERIOD JANUARY 1, 2021
THROUGH JULY 31, 2021

	<u>PAGE</u>
AGREED-UPON PROCEDURES.....	1 – 4



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES NORTHLAKE HOMELESS COALITION

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September 27, 2022

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

To the Board of Directors of
Northlake Homeless Coalition
Slidell, Louisiana

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John P. Butler, CPA
Jason C. Montegut, CPA
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We have performed the procedures enumerated below in accordance with Act 774 of the 2014 Regular Legislative Session, as amended, which were agreed to by the management of Northlake Homeless Coalition (Coalition) and the Louisiana Legislative Auditor. This engagement is solely to assist the Northlake Homeless Coalition and the Louisiana Legislative Auditor in assessing certain internal controls and in evaluating compliance with certain laws and regulations, as of and for the year ended December 31, 2021. Management is responsible for the internal controls and compliance areas identified in the agreed upon procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and findings are as follows:

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

1. **Procedure:** Obtain and inspect the Coalition’s written policies and procedures over credit cards, bank debit cards, fuel cards, and P-cards (cards) and observe that they address the following:
 - a) Documentation requirements, including procedures for lost receipts;
 - b) Required approvers of statements; and
 - c) Monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: We noted no findings as a result of applying the above agreed-upon procedures.

2. **Procedure:** 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.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

3. **Procedure:** 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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

4. **Procedure:** 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 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.

Results: We noted no findings as a result of applying the above agreed-upon procedures.

Information Technology Disaster Recovery/Business Continuity

1. **Procedure:** Obtain and inspect the Coalition's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (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.

Results: We noted NHC did not have written policies and procedures over information technology disaster recovery/business continuity.

Management's Response: NHC will add a written policy over information technology and disaster recover/business continuity.

2. **Procedure:** Perform the following procedures:
 - a) Obtain and inspect the Coalition'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.
 - b) Obtain and inspect the Coalition'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.
 - c) Obtain a listing of the Coalition'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.

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the control and compliance areas identified. 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the agreed upon procedures, and the results 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 Legislative Auditor as a public document.

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