

**Providence House
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended December 31, 2020 and 2019

Providence House

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Independent Auditors' Report

To the Board of Directors
Providence House

Report on the Financial Statements

We have audited the accompanying financial statements of Providence House (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Providence House as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other 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 or chief executive officer on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, shown on pages 19 – 20, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration 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 information 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 September 28, 2021, on our consideration of Providence House'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 Providence House'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 Providence House's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
September 28, 2021

Providence House
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 380,387	\$ 137,602
Grant receivables	88,915	89,571
Prepaid expenses	21,586	
Total current assets	490,888	227,173
Other assets:		
Cash restricted - resettlement funds	2,767	6,317
Cash surrender value of life insurance	678,554	672,643
Total other assets	681,321	678,960
Property and equipment	3,418,076	3,569,228
Accumulated depreciation	(2,193,493)	(2,249,179)
Net property and equipment	1,224,583	1,320,049
Total Assets	\$ 2,396,792	\$ 2,226,182
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 7,586	\$ 11,750
Accrued expenses	67,774	69,194
Refundable advance	27,420	
Current portion long-term debt	17,197	16,459
Note payable - line of credit		149,067
Total current liabilities	119,977	246,470
Long-term debt	300,110	316,973
Note payable - Economic Injury Disaster Loan	150,000	
Escrowed resettlement funds	2,767	6,317
Total liabilities	572,854	569,760
Net assets		
With donor restrictions	96,486	101,894
Without donor restrictions	1,727,452	1,554,528
Total net assets	1,823,938	1,656,422
Total Liabilities and Net Assets	\$ 2,396,792	\$ 2,226,182

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

Providence House
Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contractual revenue – grants	\$ 1,053,597	\$	\$ 1,053,597
Donations and contributions	1,068,988	45,500	1,114,488
Other income	111,165		111,165
Net assets released from restrictions:			
Restrictions satisfied by expending funds for the purpose intended	50,908	(50,908)	
Total revenues and other support	2,284,658	(5,408)	2,279,250
Functional Expenses:			
Program services	1,645,315		1,645,315
General administration	231,277		231,277
Fund-raising	235,142		235,142
Total operating expenses	2,111,734		2,111,734
Change in net assets	172,924	(5,408)	167,516
Net assets, beginning of year	1,554,528	101,894	1,656,422
Net assets, end of year	\$ 1,727,452	\$ 96,486	\$ 1,823,938

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

Providence House
Statement of Activities
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contractual revenue – grants	\$ 616,340	\$	\$ 616,340
Donations and contributions	987,653	85,000	1,072,653
Other income	90,699		90,699
Net assets released from restrictions:			
Restrictions satisfied by expending funds for the purpose intended	<u>34,603</u>	<u>(34,603)</u>	
Total revenues and other support	<u>1,729,295</u>	<u>50,397</u>	<u>1,779,692</u>
Functional Expenses:			
Program services	1,786,485		1,786,485
General administration	190,611		190,611
Fund-raising	<u>195,929</u>		<u>195,929</u>
Total operating expenses	<u>2,173,025</u>		<u>2,173,025</u>
Change in net assets	(443,730)	50,397	(393,333)
Net assets, beginning of year	<u>1,998,258</u>	<u>51,497</u>	<u>2,049,755</u>
Net assets, end of year	<u>\$ 1,554,528</u>	<u>\$ 101,894</u>	<u>\$ 1,656,422</u>

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

Providence House
Statement of Functional Expenses
For the Year Ended December 31, 2020

Expenses:	Program Services	General Administration	Fund Raising	Total
Salaries and wages	\$ 920,673	\$ 139,094	\$ 175,101	\$ 1,234,868
Employee benefits	37,643	7,832	5,015	50,490
Payroll taxes and workers compensation	95,370	14,408	18,139	127,917
Office expense	8,541	1,810	2,428	12,779
Legal and accounting		22,471		22,471
Telephone	5,412	459	1,015	6,886
Utilities	79,334	2,571	2,587	84,492
Printing	1,445		1,305	2,750
Insurance	51,107	2,193	2,742	56,042
Repairs and maintenance	32,039	1,387	1,054	34,480
Vehicles	25,942	1,653		27,595
Resident transportation program	4,227			4,227
Resident expenses	76,342			76,342
Resident graduation program	115			115
Special events			1,590	1,590
Work to learn program	2,588			2,588
Offsite supportive housing	77,903			77,903
Homeless prevention program	92,306			92,306
Travel and training		205	1,869	2,074
Public relations and advertising		1,243	9,313	10,556
Computer maintenance	22,604		631	23,235
Other	4,577	2,406	1,699	8,682
Dues and subscriptions	1,034	2,427	70	3,531
Website expense			3,515	3,515
Interest expense		24,049		24,049
Depreciation	106,113	7,069	7,069	120,251
Total expenses	\$ 1,645,315	\$ 231,277	\$ 235,142	\$ 2,111,734

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

Providence House
Statement of Functional Expenses
For the Year Ended December 31, 2019

Expenses:	Program Services	General Administration	Fund Raising	Total
Salaries and wages	\$ 1,011,642	\$ 110,829	\$ 147,001	\$ 1,269,472
Employee benefits	21,743	5,788	5,789	33,320
Payroll taxes and workers compensation	105,481	10,949	13,618	130,048
Office expense	9,374	1,820	6,331	17,525
Legal and accounting		38,779		38,779
Telephone	7,974	472	1,029	9,475
Utilities	100,336	1,572	2,524	104,432
Printing	2,705		1,330	4,035
Insurance	72,505	2,142	2,142	76,789
Repairs and maintenance	20,961	244	494	21,699
Vehicles	30,012	937		30,949
Resident transportation program	5,421			5,421
Resident expenses	45,838			45,838
Resident graduation program	349			349
Special events	24,083			24,083
Work to learn program	19,515			19,515
Offsite supportive housing	164,939			164,939
Travel and training	983	1,313	162	2,458
Computer maintenance	8,471			8,471
Other	818	7,386	4,621	12,825
Dues and subscriptions	1,175	1,307		2,482
Website expense			3,815	3,815
Interest expense	26,746			26,746
Depreciation	105,414	7,073	7,073	119,560
Total expenses	\$ 1,786,485	\$ 190,611	\$ 195,929	\$ 2,173,025

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

Providence House
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 167,516	\$ (393,333)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	120,251	119,560
Increase (decrease) in cash surrender value of life insurance	(5,911)	4,285
(Increase) decrease in operating assets:		
Grant receivables	656	14,238
Prepaid expenses	(21,586)	
Increase (decrease) in operating liabilities:		
Accounts payable	(4,164)	(9,470)
Accrued expenses	(1,420)	9,106
Refundable advance	27,420	
Escrowed resettlement funds	(3,550)	(7,077)
Net cash provided by (used in) operating activities	279,212	(262,691)
Investing Activities		
Proceeds - loans from life insurance policies		232,803
Purchase of property and equipment	(24,785)	
Net cash provided by (used in) investing activities	(24,785)	232,803
Financing Activities		
Proceeds on loans payable	150,000	131,800
Payments on loans payable	(16,125)	(147,094)
Proceeds line of credit	37,000	104,000
Payments on line of credit	(186,067)	(29,227)
Net cash provided by (used in) financing activities	(15,192)	59,479
Net increase in cash and cash equivalents	239,235	29,591
Cash, cash equivalents and restricted cash beginning of year	143,919	114,328
Cash, cash equivalents and restricted cash end of year	\$ 383,154	\$ 143,919
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 380,387	\$ 137,602
Restricted cash	2,767	6,317
Cash, cash equivalents, and restricted cash, end of year	\$ 383,154	\$ 143,919
Supplemental Disclosure		
Cash paid for interest expense	\$ 21,788	\$ 26,746

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

Providence House
Notes to Financial Statements
December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Providence House is a nonprofit corporation organized under the laws of the State of Louisiana. Providence House was established to provide housing services, training, employment and opportunities for breaking the cycle of homelessness. The support for Providence House comes primarily from private donations and grants.

Approximately 35–45% of total revenues consist of contractual revenue of federal and state funds. A brief description of the programs – contracts which are funded with those federal and state funds are listed:

Emergency Solutions Grants Program – Provides funds to assist in maintaining a shelter and providing permanent housing for homeless families. Funding is provided by federal funds passed through the City of Shreveport and the City of Bossier City.

Emergency Food and Shelter – Provides funds to assist in emergency shelter for homeless families. Funding is provided by federal funds passed through the local EF&S Board.

Children's Trust Fund – Provides funds to assist homeless children to aid in the prevention of child abuse and neglect. Specifically to implement a resource support system to provide emotional, medical, educational and recreational support services for homeless children. Funding is provided by federal and state funds passed through the State of Louisiana, Department of Children and Family Services.

Community Development Block Grant – Provides funds to provide shelter for the homeless and to assist families with breaking the cycle of homelessness. Specifically, to ensure that families will be allowed to move from a structured program to an unstructured, independent program through a series of levels showing a proven responsibility and disciplined lifestyle. Funding is provided by federal and state funds passed through the City of Bossier City.

TANF – Provides education and literacy services, employment training, life skills training, counseling, children's program, budgeting, housing/shelter, childcare, meals, transportation, and other services to enable adults and their children to begin again. Funding is provided by federal funds passed through the State of Louisiana, Department of Children and Family Services.

CACFP – Provides a food service program to children who are residents of the homeless shelter. Funding is provided by federal funds passed through the State of Louisiana, Department of Education.

B. Basis of Accounting

The financial statements of Providence House have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of Providence House's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Providence House or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. Providence House has adopted a policy to classify donor restricted contributions as without donor restriction to the extent that donor restrictions are met in the year the contribution was received.

D. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

Cash equivalents, as stated for cash flow purposes, consist of cash, certificates of deposit, and money market accounts. Certain items, which meet the definition of cash equivalents but are designated by the Board, are included in investments.

F. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The funding sources and the federal government may have a reversionary interest in certain property purchased with those funds. Its disposition as well as the ownership of any proceeds therefrom is subject to certain funding source regulations. Expenditures for property and equipment of \$2,500 or more are capitalized.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

G. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature or any donor restrictions. When restrictions expire (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 restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

H. Income Tax Status

Providence House is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. Providence House had no such income during this audit period. The Form 990, "Return of Organization Exempt from Income Taxes", for Providence House for the years ended December 31, 2017, 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

I. Retirement Plan

Providence House established a profit-sharing plan with a 401(k) option for eligible employees. The name of the plan is Providence House Retirement Plan. The plan shall cover only employees having completed at least one year of service and having attained age 21. The employer contribution amount is determined by appropriate action of the Employer as of the time prescribed by law. There were no employer contribution amounts paid by Providence House for the years ended December 31, 2020 and 2019.

J. Donated Assets

Non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

K. Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

L. Functional Expenses

The costs of providing certain activities of Providence House have been summarized on a functional basis in the statement of activities and in the statement of functional expense. Accordingly, certain costs have been allocated among programs and supported services benefited. Costs are directly charged to the functions they benefit. Facility related and supportive services expenses are allocated to each function based upon managements equitable determination.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

M. Refundable Advance

Providence House is the recipient of grants that require expenditure for specific activities before being reimbursed by the grantor for costs incurred. Certain grantors pay in advance of incurring the specific costs; in those cases the amounts received in excess of amounts spent on reimbursable costs is reported as refundable advances.

(2) Adoption of New Accounting Pronouncement

For the year ended December 31, 2019, Providence House adopted the Financial Accounting Standards Update (ASU) No. 2016-18 - *Not-for-Profit Entities (Topic 230): Statement of Cash Flows: Restricted Cash*. This update requires that the statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

(3) Concentrations of Credit Risk

Financial instruments that potentially subject Providence House to concentrations of credit risk consist principally of temporary cash investments, and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of December 31, 2020 and 2019, Providence House had no significant concentrations of credit risk in relation to grant receivables.

Providence House maintains cash balances at local financial institutions. Accounts at those institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2020, total cash balances held at financial institutions was \$429,842. Of this amount \$254,176 was secured by FDIC, and the remaining \$175,666 was unsecured. At December 31, 2019 there were no uninsured balances at those institutions.

(4) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at December 31, 2020 and 2019 but not received until after those dates.

(5) Restricted Cash – Resettlement Funds

The balance represents funds held by Providence House on behalf of the tenants of Providence House. Providence House has implemented a program whereby the tenants agree to escrow—deposit a certain percent of their support – wages into this account as they receive those funds. Upon graduation and/or leaving the shelter those funds will be distributed to the tenant or retained by Providence House. This amount is also shown as escrowed resettlement funds in the liability section on the statement of financial position.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(6) Fixed Assets

A summary of fixed assets as of December 31, 2020 follows:

	Estimated Useful Life	Cost / Basis	Accumulated Depreciation
Land	N/A	\$ 117,830	\$ -
Buildings	15-30 years	1,125,795	717,454
Building improvements	7-25 years	1,954,446	1,281,860
Furniture & fixtures	5-10 years	9,181	9,181
Office equipment	3-7 years	48,023	48,023
Kitchen equipment	5-7 years	19,157	9,233
Playground equipment	5-10 years	124,973	109,071
Classroom computer lab	5 years	1,655	1,655
Vehicles	5-7 years	17,016	17,016
		<u>\$ 3,418,076</u>	<u>\$ 2,193,493</u>

Depreciation expense for the year ended December 31, 2020 was \$120,251.

A summary of fixed assets as of December 31, 2019 follows:

	Estimated Useful Life	Cost / Basis	Accumulated Depreciation
Land	N/A	\$ 117,830	\$ -
Buildings	15-30 years	1,125,795	685,257
Building improvements	7-25 years	1,940,348	1,204,870
Furniture & fixtures	5-10 years	110,419	110,419
Office equipment	3-7 years	48,023	48,023
Kitchen equipment	5-7 years	8,470	8,470
Playground equipment	5-10 years	124,973	98,770
Classroom computer lab	5 years	27,687	27,687
Vehicles	5-7 years	65,683	65,683
		<u>\$ 3,569,228</u>	<u>\$ 2,249,179</u>

Depreciation expense for the year ended December 31, 2019 was \$119,560.

(7) Cash Surrender Value of Life Insurance

Providence House is the owner and beneficiary of life insurance policies on the lives of certain supporters of the organization with a net cash surrender value at December 31, 2019 was \$672,643, after policy loans of \$232,803. The net cash surrender value at December 31, 2020 was \$678,554, after policy loans of \$234,733.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(8) Net Assets

	2020	2019
Net Assets Without Donor Restrictions:		
Undesignated	\$ 502,869	\$ 234,479
Net investment in property and equipment	1,224,583	1,320,049
Total net assets without donor restrictions	1,727,452	1,554,528
Net Assets With Donor Restrictions:		
Subject to expenditures for specified purpose -		
Restricted for back to school	3,594	12,094
Restricted for workforce development	36,034	60,427
Restricted for kid zone	23,000	
Restricted for building repair and maintenance	18,824	21,428
Restricted other	15,034	7,945
Total net assets with donor restrictions	96,486	101,894
Total Net Assets	\$ 1,823,938	\$ 1,656,422

(9) Liquidity and Availability of Financial Assets

Providence House monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Providence House has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 380,387	\$ 137,602
Grant receivables	88,915	89,571
Cash restricted for resettlement funds	2,767	6,317
Total financial assets	472,069	233,490
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(96,486)	(101,894)
Cash restricted for resettlement funds	(2,767)	(6,317)
Financial assets available to meet cash needs for general expenditures within one year	\$ 372,816	\$ 125,279

In addition to financial assets available to meet general expenditures over the year, Providence House anticipates covering its general expenditures using the income generated from contractual agreements and contributions. To assist in managing liquidity, Providence House maintains a line of credit of \$150,000 with a bank that is drawn upon as needed during the year to assist in managing cash flow. See Note 15 for further description of this line of credit. Providence House also has cash surrender value of life insurance at December 31, 2020 and 2019 of \$678,554 and \$672,643, respectively that could be utilized to assist in managing cash flow. The Statement of Cash Flows identifies the sources and uses of Providence House's cash and shows negative cash generated by operations of \$262,691 for fiscal year ending December 31, 2019 and positive cash flow of \$279,212 for fiscal year ended December 31, 2020.

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(10) Contractual Revenue – Grants

Revenues shown as contracts with governmental agencies for the years ended December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
City of Shreveport and Bossier City – ESG	\$ 223,446	\$ 211,560
City of Shreveport and Bossier City – CDBG	40,000	22,512
Emergency Food and Shelter Program		12,500
Childrens Trust Fund	25,422	26,615
Caddo Parish Commission – Rental assistance	84,581	
Children and Adult Care Food Program	46,955	55,247
TANF	299,695	245,812
Child Care Assistance and vouchers	74,748	42,094
Government grant – PPP loan	258,750	
	<u>\$ 1,053,597</u>	<u>\$ 616,340</u>

The continued existence of these funds is based on annual contract renewals with various funding sources.

Providence House met the eligibility criteria for forgiveness of the loan received by the Small Business Administration under the Paycheck Protection Program (PPP). By meeting the forgiveness criteria on the loan and receiving forgiveness of the loan in January, 2021, Providence House concludes the PPP loan, in substance, is a grant recorded in contractual revenue-grants on the statement of activities for the year ended December 31, 2020.

(11) Accrued Expenses

An analysis of Providence House's accrued expenses at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Payroll taxes and other withholdings	\$ 4,454	\$ 4,827
Salaries and wages	61,060	64,367
Interest payable	2,260	0
	<u>\$ 67,774</u>	<u>\$ 69,194</u>

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(12) Note Payable – Long-Term Debt

Long-term debt at December 31, 2020 and December 2019 consisted of the following:

Note payable to a bank, due in monthly installments of \$2,864, including interest at 5.50%, for thirty-six months, with final payment due December 20, 2021. The loan is secured by the cash value of several life insurance policies owned by Providence House.

	2020	2019
	\$ 317,307	\$ 333,432
Current portion of long-term debt	(17,197)	(16,459)
Noncurrent portion of long-term debt	\$ 300,110	\$ 316,973

This loan was refinanced in June, 2021. Payments due in monthly installments of \$2,809, including interest at 4.25%, for fifty-nine months, with final payment due June, 2026. The loan is secured by real estate owned by Providence House.

Approximate maturities of long-term debt are as follows:

Year Ending December 31,	Amount
2021	\$ 17,197
2022	20,972
2023	21,893
2024	22,824
2025	23,859
After 2025	210,562
	\$ 317,307

(13) Note Payable – Economic Injury Disaster Loan (“EIDL”)

In June 2020, Providence House received loan proceeds totaling \$150,000 under the Economic Injury Disaster Loan Program (“EIDL”). The loan will accrue interest at the rate of 2.75% per annum. Installment payment, including principal and interest, of \$641 monthly, will begin twelve (12) months from the date promissory note. Each payment will be applied first to accrued interest to the date of receipt of each payment, and the balance, if any, will be applied to principal. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Providence House grants a security interest to the U.S. Small Business Administration of all tangible and intangible personal property.

Approximate maturities of the loan are as follows:

Year Ended December 31,	Amount
2021	\$ –
2022	1,878
2023	3,665
2024	3,767
2025	3,872
After 2025	136,818
	\$ 150,000

(Continued)

Providence House
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(14) Leases

Providence House leases certain facilities under operating leases in conjunction with its supportive housing programs. The rental costs on these leases for the years ended December 31, 2020 and 2019 were \$77,903 and \$164,939, respectively. As of December 31, 2020, there were no obligations under these lease agreements in excess of one year.

Providence House leases certain office equipment and vehicles. The rental costs on these leases for the years ended December 31, 2020 and 2019 were \$19,619 and \$18,900, respectively. As of December 31, 2020, obligations under leases in excess of one year are as follows:

<u>Year Ended</u>	<u>Amount</u>
2021	\$ 14,299
2022	5,468
2023	4,101
	<u>\$ 23,868</u>

(15) Line of Credit

Providence House obtained a line of credit for \$150,000. The line of credit was secured by the cash value of a life insurance policy owned by Providence House. Interest rate was 5.00% and matured September 30, 2020. A new line of credit was obtained on June 9, 2021 for \$150,000 and matures on June 9, 2023. The line of credit has a variable interest rate of 1.00% over the bank's prime rate. Interest is to be paid monthly. Interest expense paid on the line of credit for the years ended December 31, 2020 and 2019 was \$3,524 and \$6,630, respectively. The amount outstanding and due on the line of credit at December 31, 2020 and 2019 was -0- and \$149,067, respectively.

(16) Endowment Account with Community Foundation of North Louisiana

Providence House has entered into an agreement with the Community Foundation of North Louisiana (CFNLA). The agreement establishes an Agency Endowment Fund at CFNLA called "Providence House Endowment – The Gift of a Lifetime Fund" (Fund). All property of the Fund belongs to CFNLA. The fund will be used for support of the charitable purposes of Providence House. Net income and capital appreciation of the Fund, as governed by CFNLA's Spending Policy, will be paid and distributed to Providence House at least annually, for as long as Providence House is a Qualified Charitable Organization. The fair market value of the fund at December 31, 2020 and 2019 was \$1,130,763 and \$1,089,886, respectively.

(17) Subsequent Events

Subsequent events have been evaluated through September 28, 2021, the date the financial statements were available to be issued.

(18) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Providence House
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended December 31, 2020

Agency Head: Verni W. Howard, Executive Director

There were no payments for compensation, benefits and other payments derived from public funds during the year ended December 31, 2020.

Providence House
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Small Business Administration</u>				
Direct Programs:				
Economic Injury Disaster Loan	59.008	4149857902		\$ 150,000
<u>U.S. Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Passed through the City of Shreveport				
Community Development Block Grant	14.218	2020-PS-005		40,000
Total CDBG Cluster				<u>40,000</u>
Passed through the City of Shreveport				
Emergency Solutions Grant Program	14.231	2020 SESG-02		92,837
Emergency Solutions Grant Program	14.231	2019 FED ESG-002		28,578
Emergency Solutions Grant Program	14.231	2020 FED ESG		41,575
COVID-19 - Emergency Solutions Grant Program	14.231	2020-ESG-CV-005		43,546
Passed through the City of Bossier City				
Emergency Solutions Grant Program	14.231	Resolution 85		16,910
Total U.S. Department of Housing & Urban Development				<u>263,446</u>
<u>U.S. Department of Agriculture</u>				
Passed through Louisiana Department of Education				
Child Care Food Program	10.558	Unknown		46,955
<u>U.S. Department of Health and Human Services</u>				
Passed through State of Louisiana, Department of Children and Family Services				
Temporary Assistance for Needy Families	93.558	2000477399		299,695
Total federal expenditures			<u>\$</u>	<u>\$ 760,096</u>

(Continued)

Providence House
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020
(Continued)

NOTE A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Providence House under programs of the federal government for the year ended December 31, 2020. 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 Providence House, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Providence House.

NOTE B: Summary of Significant Accounting Policies

- (1) The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.
- (2) Providence House does not utilize an indirect cost rate.

NOTE C: Loan Balances Outstanding

Loan balance outstanding at December 31, 2020, for the Economic Injury Disaster Loan, CFDA # 59.008, totaled \$150,000.

COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditors' Report

To the Board of Directors
Providence House
Shreveport, 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 Providence House, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Providence House'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 Providence House's internal control. Accordingly, we do not express an opinion on the effectiveness of Providence House'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Providence House'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
September 28, 2021

COOK & MOREHART

Certified Public Accountants

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Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Providence House
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Providence House's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Providence House's major federal programs for the year ended December 31, 2020. Providence House's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Providence House's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Providence House's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Providence House's compliance.

Opinion on Each Major Federal Program

In our opinion, Providence House 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, 2020.

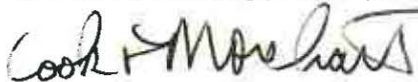
Report on Internal Control Over Compliance

Management of Providence House is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Providence House's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness Providence House's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
September 28, 2021

Providence House
Summary Schedule of Prior Audit Findings
December 31, 2020

There were no findings for the prior year audit for the year ended December 31, 2019. A single audit was not required for the year ended December 31, 2019.

Schedule of Findings and Questioned Costs
December 31, 2020

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified : _____ yes √ no
Significant deficiencies identified : _____ yes √ none reported

Noncompliance material to financial statements noted :

_____ yes √ no

Federal Awards

Internal control over major programs :

Material weaknesses identified : _____ yes √ no
Significant deficiencies identified : _____ yes √ none reported

Type of auditors' report issued on compliance for major federal programs : Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)

_____ yes √ no

Identification of major federal programs :

Temporary Assistance for Needy Families CFDA #93.558
Community Development Block Grant CFDA #14.218

Dollar threshold used to distinguish between type A and type B programs : \$750,000

Auditee qualified as low risk : _____ yes √ no

B. Findings – Financial Statements Audit – None.

C. Findings and Questioned Costs – Major Federal Programs Audit – None.

Providence House
Summary Schedule of Audit Findings for the
Louisiana Legislative Auditor
December 31, 2020

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior period ended December 31, 2019.

Corrective Action Plan for Audit Findings for the Year Ended December 31, 2020

There are no findings or management letter comments for the current year audit for the year ended December 31, 2020.