HEARTS OF HOPE

FINANCIAL REPORT

Years Ended December 31, 2025 and 2024

HEARTS OF HOPE

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INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors
Hearts of Hope
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hearts of Hope (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hearts of Hope as of December 31, 2025 and 2024, 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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and by 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 Hearts of Hope and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair representation 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 Hearts of Hope'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 maintain 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 judgement 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 Hearts of Hope'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.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hearts of Hope's ability to continue as a going concern for a reasonable period.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026, on our consideration of Hearts of Hope'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 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 Hearts of Hope'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 Hearts of Hope's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
June 11, 2026

HEARTS OF HOPE
STATEMENT OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 154,852	$ 130,190
Grants receivable	234,552	159,617
Other receivables	2,811	2,811
Prepaid expenses	22,574	23,282
Total current assets	414,789	315,900
PROPERTY AND EQUIPMENT	410,001	431,672
OTHER ASSETS		
Right of use assets, net of amortization of $17,452	62,091	13,632
Land held for sale	-	36,500
Beneficial interest in assets held by others	90,193	80,919
Total other assets	152,284	131,051
TOTAL ASSETS	$ 977,074	$ 878,623
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 5,476	$ 11,760
Accrued payroll	36,297	11,531
Accrued compensated absences	11,496	21,189
Deferred revenue	1,112	1,218
Notes payable	7,908	7,594
Financing lease liability - current portion	22,447	6,025
Line of credit	30,000	-
Total current liabilities	114,736	59,317
LONG TERM LIABILITIES		
Financing lease liability, net of current portion	40,181	7,967
Total long-term liabilities	40,181	7,967
TOTAL LIABILITIES	154,917	67,284
NET ASSETS		
Without donor restrictions:		
Designated for endowment	90,193	75,277
Undesignated	731,964	736,062
TOTAL NET ASSETS	822,157	811,339
TOTAL LIABILITIES AND NET ASSETS	$ 977,074	$ 878,623

The accompanying notes are an integral part of these financial statements

HEARTS OF HOPE
STATEMENT OF ACTIVITIES
Years ended December 31, 2025 and 2024

	2025	2024
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
PUBLIC SUPPORT		
Grants	$ 968,933	$ 1,055,913
Donations	147,132	13,431
Fundraising	88,211	84,749
Service fees	102,256	123,788
Total public support	1,306,532	1,277,881
REVENUES		
Investment return, net	9,274	5,642
Gain (Loss) on sale	(27,425)	-
Interest Income	2,923	-
Miscellaneous	12,615	13,886
Total revenues	(2,613)	19,528
TOTAL PUBLIC SUPPORT, REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS	1,303,919	1,297,409
EXPENSES		
Program activities		
Children's advocacy center	548,196	521,471
Sexual abuse response center	414,885	518,430
Sexual assault nurse examiners	119,349	182,613
Total program activities expenses and losses	1,082,430	1,222,514
Supporting services		
Administrative expenses	181,073	158,936
Fundraising expenses	29,598	8,011
Total supporting services expenses and losses	210,671	166,947
Total expenses	1,293,101	1,389,461
Change in net assets	10,818	(92,052)
NET ASSETS AT BEGINNING OF YEAR	811,339	903,391
NET ASSETS AT END OF YEAR	$ 822,157	$ 811,339

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

HEARTS OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Program Services				Supporting Services			
	CAC Program Activities	SARC Program Activities	SANE Program Activities	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Compensation and Related Expenses								
Salaries	$ 372,306	$ 285,642	$ 88,761	$ 746,709	$ 53,742	$ -	$ 53,742	$ 800,451
Employee Benefits -								
Payroll Taxes	26,465	20,935	6,728	54,128	5,478	-	5,478	59,606
Group Insurance	64,794	23,991	-	88,785	13,936	-	13,936	102,721
Retirement	-	-	-	-	1,852	-	1,852	1,852
Total Payroll and Related Expenses	463,565	330,568	95,489	889,622	75,008	-	75,008	964,630
Annual Project/Fundraising	-	128	-	128		17,169	17,169	17,297
Administrative Costs	-	833	-	833	-	-	-	833
Bank charges	5	-	-	5	38	-	38	43
Cleaning	3,718	1,785	-	5,503	1,197	-	1,197	6,700
Client Services	-	4,847	11,705	16,552	-	-	-	16,552
Contract Labor	10,340	3,225	-	13,565	107	-	107	13,672
Depreciation and Amortization	-	-	-	-	39,123	-	39,123	39,123
Dues and fees	3,150	1,506	-	4,656	3,816	-	3,816	8,472
Education and Professional Development	842	-	823	1,665	-	-	-	1,665
Insurance	14,544	12,240	285	27,069	7,831	-	7,831	34,900
Interest	-	-	-	-	2,584	-	2,584	2,584
Legal and Accounting	8,589	18,570	-	27,159	7,486	-	7,486	34,645
Marketing	2,236	1,830	-	4,066	5,043	11,878	16,921	20,987
Meetings and Receptions	226	33	-	259	2,461	-	2,461	2,720
Miscellaneous Expense	-	-	-	-	968	-	968	968
Office Expenses/Supplies	5,608	15,343	-	20,951	12,366	26	12,392	33,343
Rape Kits and Supplies	48	-	-	48	-	-	-	48
Sane Nurses	-	-	11,047	11,047	-	-	-	11,047
Building Maintenance	7,821	3,842	-	11,663	4,366	-	4,366	16,029
Taxes and Licenses	-	-	-	-	1,416	-	1,416	1,416
Technology	11,597	6,320	-	17,917	13,258	-	13,258	31,175
Telephone	2,882	2,558	-	5,440	575	-	575	6,015
Travel	7,101	7,342	-	14,443	728	525	1,253	15,696
Utilities	5,924	3,915	-	9,839	2,702	-	2,702	12,541
TOTAL EXPENSES	$ 548,196	$ 414,885	$ 119,349	$ 1,082,430	$ 181,073	$ 29,598	$ 210,671	$ 1,293,101

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

HEARTS OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program Services				Supporting Services			
	CAC Program Activities	SARC Program Activities	SANE Program Activities	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Compensation and Related Expenses								
Salaries	$ 328,904	$ 365,356	$ 106,589	$ 800,849	$ 37,552	$ -	$ 37,552	$ 838,401
Employee Benefits -								
Payroll Taxes	25,202	28,375	7,618	61,195	2,144	-	2,144	63,339
Group Insurance	52,981	45,331	-	98,312	3,519	-	3,519	101,831
Retirement	-	-	-	-	2,096	-	2,096	2,096
Total Payroll and Related Expenses	407,087	439,062	114,207	960,356	45,311	-	45,311	1,005,667
Annual Project/Fundraising	-	-	-	-	-	2,795	2,795	2,795
Bank charges	-	-	-	-	283	4	287	287
Cleaning	3,671	2,304	-	5,975	1,045	-	1,045	7,020
Client Services	-	4,423	11,602	16,025	-	-	-	16,025
Contract Labor	22,650	600	-	23,250	3,000	-	3,000	26,250
Depreciation and Amortization	-	-	-	-	26,720	-	26,720	26,720
Dues and fees	1,915	-	-	1,915	7,991	-	7,991	9,906
Education and Professional Development	914	1,147	-	2,061	1,469	-	1,469	3,530
Insurance	15,200	13,480	506	29,186	8,906	-	8,906	38,092
Interest	-	-	-	-	856	-	856	856
Legal and Accounting	7,501	8,652	-	16,153	41,434	-	41,434	57,587
Marketing	248	851	164	1,263	297	467	764	2,027
Meetings and Receptions	-	193	-	193	2,626	3,904	6,530	6,723
Office Expenses/Supplies	17,337	15,375	70	32,782	6,467	550	7,017	39,799
Rape Kits and Supplies	-	-	998	998	-	-	-	998
Rent	17,050	-	-	17,050	-	-	-	17,050
Sane Nurses	-	-	47,671	47,671	-	-	-	47,671
Building Maintenance	4,926	4,368	20	9,314	5,150	-	5,150	14,464
Taxes and Licenses	-	-	-	-	2,006	-	2,006	2,006
Technology	1,534	363	7,350	9,247	2,765	-	2,765	12,012
Telephone	2,568	2,528	-	5,096	655	-	655	5,751
Travel	13,985	20,684	25	34,694	646	291	937	35,631
Utilities	4,885	4,400	-	9,285	1,309	-	1,309	10,594
TOTAL EXPENSES	$ 521,471	$ 518,430	$ 182,613	$1,222,514	$ 158,936	$ 8,011	$ 166,947	$1,389,461

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

HEARTS OF HOPE
STATEMENT OF CASH FLOWS
Years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	$ 10,818	$ (92,052)
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and amortization	39,123	26,720
Earnings from endowment funds	(2,907)	(4,644)
Loss on sale of land held for sale	27,425	
Unrealized (gain)/loss on endowment funds	(6,367)	(998)
Changes in Current Assets and Liabilities		
Grants receivables	(74,935)	5,486
Prepaid expenses	708	(11,339)
Deposits	-	2,000
Accounts payable	(6,284)	(5,983)
Accrued payroll	24,766	(15,076)
Accrued compensated absences	(9,693)	(4,100)
Deferred revenue	(106)	-
Net Cash Provided (Used) by Operating Activities	2,548	(99,986)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(5,286)
Proceeds from sale of land held for sale	10,000	-
Net Cash Provided (Used) by Investing Activities	10,000	(5,286)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	30,000	-
Net increase in note payable	314	727
Principal payments on finance lease	(18,200)	(5,732)
Net Cash Provided (Used) by financing activities	12,114	(5,005)
Net Increase (Decrease) in Cash	24,662	(110,277)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	130,190	240,467
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 154,852	$ 130,190
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 2,584	$ 856
NON-CASH INVESTING AND FINANCING ACTIVIES:		
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 28,142	$ -

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hearts of Hope (the Organization) is a nonprofit organization and is the only sexual trauma center in Acadiana. The Organization oversees all sexual assault reporting and case management for children and adult victims in the community. These services include providing help and healing for survivors of sexual trauma and violent crimes, and assistance in lessening the trauma experienced by child victims when abuse allegations are investigated. When a patient makes a disclosure of sexual assault, Hearts of Hope collects and documents skillful forensic evidence with compassionate care, then assists throughout court proceedings. Staff and volunteers maintain a 24-hour crisis line and provide escort services to the area hospitals.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization reports 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.

Net Assets without Donor Restrictions – Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Public Support and Revenue

Contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions, if any, are reported as increases in net assets with 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 restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue (Continued)

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service.

Revenue and Revenue Recognition

Contributions are recognized when the donor makes a commitment to give and the contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Contributions whose restrictions have been met in the same reporting period are included as support in net assets without donor restrictions.

At the beginning of 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization’s financial statements but did not change how the allowance for credit losses is determined.

Grants receivable represents amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization. Grants receivables are stated at unpaid balances, less an allowance for credit losses, if applicable. The Organization provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. It is the Organization’s policy to charge off uncollectible grants receivable when management determines that the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for credit losses has been established.

Donated Facilities, Materials, and Services

The Organization is housed in a building located at 911 General Mouton owned by the Lafayette Consolidated Government. The Organization has use of the building at no cost and there is nothing in the financial statements to reflect the cost. No fair market value has been determined.

The Organization receives significant donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because no objective basis is available to measure the value of such services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost for assets purchased and at fair value at the date of donation for contributed assets. Additions and betterments of $5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years.

Lease Commitments

In February 2016, the FASB issued ASU 842, Leases. This accounting standard requires leases to recognize right-of-use assets and lease liabilities related to lease arrangements longer than twelve (12) months on the statements of financial position as well as additional disclosures. The standard was effective for the Organization for the year beginning January 1, 2022.

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Organization's balance sheet. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the Organization's balance sheet.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Lease payments for leases with a term of twelve (12) months or less are expensed on a straight-line basis over the term of the lease asset or liability recognized.

Compensated Absences

Sick time is accumulated as a single compensated absence. Eight hours are earned per month for all full-time employees (employees working 30 hours or more per week). Any unused accumulated balance can be carried forward to the following year. However, sick leave is forfeited upon leaving employment; accordingly, no liability has been recorded in the accompanying financial statements for sick time.

Vacation time is earned monthly based on length of service for all full-time employees. Any unused accumulated balance is forfeited at the end of each year. However, earned vacation time is paid out upon termination of employment; accordingly, a liability has been recorded in the accompanying financial statements for vacation time. Accrued compensated absences as of December 31, 2025 and 2024 amounted to $11,496 and $21,189, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were $20,477 and $1,427 for December 31, 2025 and 2024, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities as either program or supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than private foundation, therefore, has no provision for federal income taxes. However, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the fiscal year under audit.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for the tax periods in progress.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Consideration

Fair value is used to measure financial and certain nonfinancial assets and liabilities measured or disclosed at fair value on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity's internal assumptions based on the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The fair value option allows organizations to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The fair value option was not elected for the measurements of any eligible assets or liabilities.

The estimated fair values of each organization's short-term financial instruments (primarily cash and cash equivalents, receivables, accounts payable, accrued expenses, short-term debt and lines of credit) approximate their individual carrying amounts due to the relatively short period between their origination and expected realization or payment. Based on market rates for similar loans, the fair value of long-term debt approximates their carrying value.

Use of Estimates

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

Reclassifications

Certain reclassifications have been made to the 2024 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts that are not available to meet general expenditures because of donor-imposed regulations and board designations.

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	$ 154,852	$ 130,190
Grant funds receivable	234,552	159,617
Other receivables	2,811	2,811
Total financial assets available to meet general expenditures over the next twelve months	$ 392,215	$ 292,618

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best described based upon quoted market prices. The Organization utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis. The Organization has no assets or liabilities recorded at their fair value on a nonrecurring basis.

The Organization uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2025, all of the Organization's investments are Level 1.

Investments at December 31, 2025 are summarized as follows:

	Costs	Fair Value	Unrealized Appreciation
Money Market	$ 4,191	$ 4,510	$ 318
Fixed Income	37,722	40,587	2,865
Equity	41,913	45,096	3,184
Total Investments	$ 83,826	$ 90,193	$ 6,367

NOTE 4 ENDOWMENT FUND

In 2003, the Organization transferred $10,000 to the Community Foundation of Acadiana, Inc. to open an endowment fund for the benefit of the Children's Advocacy Center and Sexual Abuse Response Center Fund ("CAC/SARC Fund"). The Foundation has limited variance power over the fund. In the event that a donor restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the needs of the community, the Foundation may modify the restriction through the exercise of the variance power. Distribution from the Fund can be made solely for the support of the purposes of the Organization once the investment has reached $1,000,000, as stipulated by the Organization's Board of Directors. Effective September 14, 2021, the Organization's Board of Directors removed the $1,000,000 stipulation. The Board designated $0 for endowment purposes for the years ended December 31, 2025 and 2024.

The fund is invested in 50% equity funds, 45% fixed income funds, and 5% in money market funds. The assets of the fund shall be held and invested by the Foundation. There were no distributions from the fund during the years ended December 31, 2025 and 2024.

The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The endowment investment is reflected in the financial statements as a Beneficial Interest in Assets Held by Others and Net Assets without Donor Restrictions – Designated for Endowment. Changes in the endowment fund net assets were as follows:

	2025	2024
Board - Designated Endowment Net Assets, Beginning of Year	$ 80,919	$ 75,277
Investment Return, Net	9,274	5,642
Board - Designated Endowment Net Assets, End of Year	$ 90,193	$ 80,919

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2025 and 2024:

	2025	2024
Building and Improvements	$582,542	$ 582,542
Office Equipment, Furniture, and Fixtures	47,627	47,627
Total Property and Equipment	630,169	630,169
Less: Accumulated Depreciation	(220,168)	(198,497)
Property & Equipment, Net	$410,001	$ 431,672

Total depreciation expense for the years ended December 31, 2025 and 2024 were $21,671 and $20,877, respectively.

NOTE 6 PROPERTY HELD FOR SALE

Property held for sale consists of the following:

	2025	2024
Land - Lafayette,LA	$ -	$ 36,500

In December 2023, the Organization received a land donation. The land was listed for sale in March 2024 and sold in June 2025.

NOTE 7 NOTES PAYABLE

On May 4, 2025, the Organization entered into an interest-bearing note agreement in the amount of $25,348 to finance insurance premiums. The note will require ten monthly installments of $2,696, bearing an interest rate of 13.65%

On May 4, 2024, the Organization entered into an interest-bearing note agreement in the amount of $24,275 to finance insurance premiums. The note will require ten monthly installments of $2,594, bearing an interest rate of 14.65%.

At December 31, 2025 and 2024, the amount outstanding on the notes payable was $7,908 and $7,594, respectively. Interest expense amounted to $1,432 and $1,473 for the years ended December 31, 2025 and 2024, respectively.

NOTE 8 LINE OF CREDIT

Gulf Coast Bank and Trust Company, $125,000 revolving line of credit, dated May 2, 2025, with an original maturity date of May 2, 2026; principal and interest payable at maturity; variable interest rate currently at 7.5%; secured by assets. The balance on the line of credit as of December 31, 2025 was $30,000. The line of credit was paid in full subsequent to year-end.

NOTE 9 FINANCE LEASE - LESSEE

The Organization has a financing lease for two copiers. The following summarizes the line items in the balance sheet which includes amounts for the finance lease as of December 31, 2025:

Lease cost	
Finance lease cost:	
Amortization of right-of-use assets	$ 17,452
Interest on lease liabilities	2,447
Total lease cost	$ 19,899
Other information	
Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows - finance leases	$ (2,447)
Financing cash flows - finance leases	$ (18,200)
Weighted-average remaining lease term - finance leases	3.23 years
Weighted-average discount rate - finance leases	5.00%

The approximate future minimum lease payments under finance leases as of December 31, 2025 are as follows:

	Finance Leases
2026	$ 25,068
2027	25,068
2028	6,468
2029	6,468
2030	4,851
Total undiscounted lease obligations	67,923
Less imputed interest	(5,295)
Present value of lease obligations	$ 62,628

NOTE 10 RETIREMENT PLAN

The Organization began offering its employees the opportunity to participate in a “Simple IRA” retirement plan. All eligible employees who work full time or over 30 hours per week may contribute from one percent (1%) of their gross pay upward. The Organization matches their contribution at two percent (2%) of gross pay. Contributions made for the years ended December 31, 2025 and 2024 totaled $1,852 and $2,096, respectively.

NOTE 11 LITIGATION AND OTHER MATTERS

There is no litigation pending against the Organization. The Organization’s management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Organization’s financial statements.

NOTE 12 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2025, the Organization had no uninsured cash balances.

The majority of the Organization's revenues and grants receivable are from subgrants of U.S. Department of Justice Grants through the Louisiana Commission on Law Enforcement, Louisiana Alliance of Children's Advocacy Center, and Louisiana Foundation Against Sexual Assault, Inc. A change in this funding could substantially affect the operations of the Organization.

NOTE 13 NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 14 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO DIRECTOR

A detail of compensation, benefits, and other payments made to the Executive Director, Kim Young, for the years ended December 31, 2025 and 2024 are as follows:

Purpose	2025	2024
Salary	$ 96,378	$ 96,522
Benefits - Insurance	18,052	16,402
Benefits - Retirement	2,600	2,600
Travel	525	1,975
Total	$ 117,555	$ 117,499

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 11, 2026, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

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

To the Board of Directors
Hearts of Hope
Lafayette, 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 Hearts of Hope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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 June 11, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hearts of Hope'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 Hearts of Hope's internal control. Accordingly, we do not express an opinion on the effectiveness of Hearts of Hope's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hearts of Hope'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 statement. 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 organization'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 organization's internal control and compliance. Accordingly, this communication 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, therefore its distribution is not limited.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
June 11, 2026

HEARTS OF HOPE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

We have audited the financial statements of Hearts of Hope as of and for the year ended December 31, 2025, and have issued our report thereon dated June 11, 2026. We conducted our audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by Comptroller General of the United States. Our audit of the financial statements of December 31, 2025 resulted in an unmodified opinion.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Significant Deficiencies	☐ Yes	☑ No
Material Weaknesses	☐ Yes	☑ No

Compliance

Compliance Material to Financial Statements	☐ Yes	☑ No

Section II. Financial Statement Findings

This section is not applicable for the fiscal year ended December 31, 2025.

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the fiscal year ended December 31, 2025.

HEARTS OF HOPE

SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2025

FINDINGS – FINANCIAL STATEMENT AUDIT:

A. Internal Control Findings –

This section is not applicable for the year ended December 31, 2025.

B. Compliance Finding –

This section is not applicable for the year ended December 31, 2025.

FINDINGS – MAJOR FEDERAL AWARD PROGRAM AWARDS

A. Internal Control Findings –

This section is not applicable for the year ended December 31, 2025.

B. Compliance Finding –

This section is not applicable for the year ended December 31, 2025.

HEARTS OF HOPE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2025

This section is not applicable for the year ended December 31, 2025.

DARNALL SIKES & FREDERICK
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the
Hearts of Hope
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Hearts of Hope's management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

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

No exceptions noted.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

N/A for not-for-profit organizations.

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

N/A for the organization. No debt service requirements exist.

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

Exception: Policy references to categories 3, 4, 5, and 6 above are not present.

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

N/A for not-for-profit organizations.

2) Board or Finance Committee

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

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

No exceptions noted.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

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

N/A for not-for-profit organizations.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

N/A for the organization. No previous audit findings.

3) Bank Reconciliations

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

Obtained a listing of the entity's bank accounts for the fiscal period from management along with management's representation that the listing was complete.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared along with management's representation that the listing is complete.

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

i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Exception: No bond insurance.

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

i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

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

No exceptions noted.

v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

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

Obtained a listing of locations that process payments for the fiscal period, and management provided representation that the listing is complete. Selected all locations that process payments as there were less than 5.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

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

No exceptions noted.

ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

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

Exception: Employee responsible for processing payments can edit/modify vendor files.

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

No exceptions noted.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

The Entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) was obtained along with management's representation that the population is complete.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards along with management's representation that the listing is complete.

B. 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

i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Exception: Executive Director does not approve the credit card statements and supporting documentation in writing. Instead, the executive director preapproves the transactions. Additionally, the executive director is a cardholder.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

No exceptions noted.

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

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

Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period along with management's representation that the listing or general ledger is complete.

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period along with management's representation that the listing was complete.

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions noted.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exceptions noted.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions noted.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and officials employed during the fiscal period along with management's representation that the listing is complete. Randomly selected 5 employees and agreed paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

   No exceptions noted.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

   No exceptions noted.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

   No exceptions noted.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

   No exceptions noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

   No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

   No exceptions noted.

10) *Ethics*

Not applicable as the organization is a nonprofit organization.

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

Not applicable as the organization does not have any debt service agreements.

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions noted.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

N/A for the organization. All information stored on a cloud-based software with automatic backups.

B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

N/A for the organization. All information stored on a cloud-based software with automatic backups.

C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions noted.

D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions noted.

E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:126728. The requirements are as follows:
   - Hired before June 9, 2020 - completed the training; and
   - Hired on or after June 9, 2020 - completed the training
   - within 30 days of initial service or employment.

   Exception: Employees completed cybersecurity training, but those hired after June 9, 2020 did not complete the training within 30 days of being hired.

14) Prevention of Sexual Harassment

Not applicable as the Organization is a nonprofit organization.

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements;

   ii. Number of sexual harassment complaints received by the agency;

   iii. Number of complaints which resulted in a finding that sexual harassment occurred;

   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

   v. Amount of time it took to resolve each complaint.

We were engaged by the Hearts of Hope to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Hearts of Hope and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
June 11, 2026

HEARTS of HOPE
CENTER FOR SEXUAL TRAUMA

We listen. We believe. We protect.

Independent Accountant's Report on Applying Agreed-Upon Procedures

Management Responses

1) **Written Policies and Procedures**

Axi. Management will implement policies that address information technology disaster recovery/ business continuity, specifically periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

2) **Collections**

C. Management will acquire bond insurance for all employees that collect cash.

3) **Non-Payroll Disbursements**

Biii. Management will ensure that the bookkeeper, the individual who processes payments, does not have access to add or modify vendor files.

4) **Credit Cards**

Bi. Management will remove the executive director as a card holder. Additionally, management will have the executive director approve the credit card statement and all supporting documents.

5) **Information Technology Disaster Recovery/Business Continuity**

E. Management will ensure that all new hires complete cybersecurity training within 30 days of being hired.

Signed: ______________________

Date: 6/12/2026

Signed: ______________________

Date: ______________________