

CHEZ HOPE, INC.

Financial Statements

Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Chez Hope, Inc.'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 Chez Hope, Inc.'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 Chez Hope, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, Chez Hope, Inc., implemented the provisions of the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of Chez Hope, Inc.'s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule 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 to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on pages 16-17 is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of Chez Hope, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chez Hope, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 18, 2019

FINANCIAL STATEMENTS

CHEZ HOPE, INC.

Statement of Financial Position
June 30, 2019

ASSETS

| | |
|--|-------------------|
| Current assets | |
| Cash | \$ 85,248 |
| Grants receivable | 205,553 |
| Prepaid expenses | <u>21,451</u> |
| Total current assets | <u>312,252</u> |
| Capital assets | |
| Land | 36,500 |
| Other depreciable, net of accumulated depreciation | <u>533,580</u> |
| Total capital assets | <u>570,080</u> |
| Total assets | <u>\$ 882,332</u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|-------------------|
| Current liabilities | |
| Demand note payable | \$ 143,089 |
| Current portion of notes payable | 24,558 |
| Accounts payable | 605 |
| Accrued expenses | 30,307 |
| Deferred revenue | <u>2,976</u> |
| Total current liabilities | 201,535 |
| Long-term liabilities | |
| Notes payable, net of current portion | <u>198,634</u> |
| Total liabilities | <u>400,169</u> |
| Net assets: | |
| Without donor restrictions | |
| Undesignated | 351,840 |
| With donor restrictions | <u>130,323</u> |
| Total net assets | <u>482,163</u> |
| Total liabilities and net assets | <u>\$ 882,332</u> |

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

CHEZ HOPE, INC.
Statement of Activities
Year Ended June 30, 2019

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---|--|-------------------|
| Increases in net assets | | | |
| Support | | | |
| Federal and state financial assistance | | | |
| Department of Children and Family Services | \$ - | \$ 516,884 | \$ 516,884 |
| Louisiana Commission on Law Enforcement - KKIDDS | - | 177,065 | 177,065 |
| VAWA | - | 14,781 | 14,781 |
| VOCA | - | 385,010 | 385,010 |
| Local and private assistance | | | |
| United Way | 36,471 | - | 36,471 |
| Donations | 36,262 | - | 36,262 |
| In-kind donations | 19,570 | - | 19,570 |
| Department of Children and Family Services - Marriage Licenses | - | 11,558 | 11,558 |
| St. Mary Parish Foundation | - | 1,000 | 1,000 |
| St. Mary Parish Government | 22,000 | - | 22,000 |
| Louisiana Bar Foundation - IOLTA | - | 76,400 | 76,400 |
| Louisiana Bar Foundation | - | 7,342 | 7,342 |
| Total support | <u>114,303</u> | <u>1,190,040</u> | <u>1,304,343</u> |
| Revenues | | | |
| Batterer fees | 30,694 | - | 30,694 |
| Other | 2,167 | - | 2,167 |
| Fundraising | 36,942 | - | 36,942 |
| Gain on asset disposition | 6,072 | - | 6,072 |
| Total revenue | <u>75,875</u> | <u>-</u> | <u>75,875</u> |
| Total support and revenue | 190,178 | 1,190,040 | 1,380,218 |
| Assets released from restrictions | <u>1,193,790</u> | <u>(1,193,790)</u> | <u>-</u> |
| Total increases in net assets | <u>1,383,968</u> | <u>(3,750)</u> | <u>1,380,218</u> |
| Decreases in unrestricted net assets | | | |
| Program services | 1,064,289 | - | 1,064,289 |
| Supporting services - | | | |
| Management and General | 236,023 | - | 236,023 |
| Fundraising | 11,999 | - | 11,999 |
| Total decreases in net assets | <u>1,312,311</u> | <u>-</u> | <u>1,312,311</u> |
| Changes in net assets | 71,657 | (3,750) | 67,907 |
| Net assets, beginning, as restated | <u>280,183</u> | <u>134,073</u> | <u>414,256</u> |
| Net assets, ending | <u>\$ 351,840</u> | <u>\$ 130,323</u> | <u>\$ 482,163</u> |

CHEZ HOPE, INC.

Statement of Functional Expenses
Year Ended June 30, 2019

| | Program Services | Supporting Services | | | Total |
|---|---------------------|------------------------------|------------------|---------------------------------|---------------------|
| | | Management and General | Fundraising | Total Supporting Services | |
| Automobile | \$ 16,913 | \$ 5,638 | \$ - | \$ 5,638 | \$ 22,551 |
| Bank charges | - | 1,282 | - | 1,282 | 1,282 |
| Building and auto interest | 17,801 | 937 | - | 937 | 18,738 |
| Childrens' program | 3,824 | - | - | - | 3,824 |
| Contract labor | 21,650 | - | - | - | 21,650 |
| Depreciation expense | 58,204 | 5,611 | - | 5,611 | 63,815 |
| Equipment expense | 745 | - | - | - | 745 |
| Fundraising expenses | - | - | 9,835 | 9,835 | 9,835 |
| In-kind donations | 19,570 | - | - | - | 19,570 |
| Insurance | 75,804 | 19,201 | 238 | 19,439 | 95,243 |
| Line of credit interest and finance charges | - | 8,157 | - | 8,157 | 8,157 |
| Miscellaneous | - | 5,227 | - | 5,227 | 5,227 |
| Office supplies and expenses | 33,301 | 6,281 | - | 6,281 | 39,582 |
| Penalties | - | 305 | - | 305 | 305 |
| Postage and delivery | - | 1,604 | - | 1,604 | 1,604 |
| Printing and reproduction | 14,170 | - | - | - | 14,170 |
| Professional fees | - | 21,700 | - | 21,700 | 21,700 |
| Rent | 50,120 | - | - | - | 50,120 |
| Repairs and maintenance | 26,816 | - | - | - | 26,816 |
| Salaries | 562,746 | 141,768 | 1,778 | 143,546 | 706,292 |
| Security | 1,746 | - | - | - | 1,746 |
| Shelter supplies | 21,702 | - | - | - | 21,702 |
| Taxes - payroll | 47,097 | 11,930 | 148 | 12,078 | 59,175 |
| Telephone | 33,365 | 3,707 | - | 3,707 | 37,072 |
| Travel and entertainment | 12,104 | - | - | - | 12,104 |
| Utilities | 45,038 | 2,675 | - | 2,675 | 47,713 |
| Victim assistance | 1,573 | - | - | - | 1,573 |
| | <u>\$ 1,064,289</u> | <u>\$ 236,023</u> | <u>\$ 11,999</u> | <u>\$ 248,022</u> | <u>\$ 1,312,311</u> |

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

CHEZ HOPE, INC.

Statement of Cash Flows
Year Ended June 30, 2019

| | |
|--|------------------|
| Operating activities: | |
| Revenues collected | \$ 1,376,322 |
| Payments for program services | (1,019,378) |
| Payments for support services | (229,475) |
| Payments for fundraising | (11,999) |
| Interest payments | <u>(18,738)</u> |
| Net cash provided by operating activities | <u>96,732</u> |
| Investing activities: | |
| Proceeds from sale of capital assets | 117,999 |
| Acquisition/construction of capital assets | <u>(40,223)</u> |
| Net cash provided by operating activities | <u>77,776</u> |
| Financing activities: | |
| Payments on long-term debt | (133,284) |
| Proceeds from short-term debt | <u>6,194</u> |
| Net cash used by financing activities | <u>(127,090)</u> |
| Net change in cash | 47,418 |
| Cash, beginning | <u>37,830</u> |
| Cash, ending | <u>\$ 85,248</u> |
| Reconciliation of net change in net assets to net cash provided by operating activities | |
| Change in net assets | \$ 67,907 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation | 63,815 |
| Gain on asset disposal | (6,072) |
| (Increase) decrease in - | |
| Grants receivable | 2,176 |
| Prepaid expenses | (8,049) |
| Increase (decrease) in - | |
| Accounts payable | (11,395) |
| Accrued expenses | (2,911) |
| Deferred revenues | <u>(8,739)</u> |
| Total adjustments | <u>28,825</u> |
| Net cash provided by operating activities | <u>\$ 96,732</u> |

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

CHEZ HOPE, INC.

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Nature of organization

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

B. Economic dependence

Chez Hope, Inc. receives a significant portion of its funding through the State of Louisiana Department of Children and Family Services. Should the state agency cut its funding or disallow items, Chez Hope, Inc. may be required to reduce its services.

C. Significant accounting policies

Financial statement presentation

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

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

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

D. Support and expenses

All revenues and support are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as "net assets released from restrictions."

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

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

E. Allowance for doubtful accounts

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

F. Property and equipment

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

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

| | <u>Years</u> |
|---------------------------|--------------|
| Vehicles | 5 |
| Furnishings and equipment | 7 |
| Leasehold improvements | 10 |
| Buildings | 30 |

G. Compensated absences

Vacation and sick leave are recorded as expenses of the period in which earned. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 180 hours of prior unused vacation is payable upon retirement for all employees. At June 30, 2019, the accrued vacation leave amounted to \$23,679.

H. Donated services

Chez Hope, Inc. receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under *FASB Accounting Standards Codification 958-605, Not-for-Profit Entities - Revenue Recognition - Contributions* have not been satisfied.

I. Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking accounts on deposit in a local bank. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, all funds on deposit were fully insured by FDIC insurance coverage.

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

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

J. Functional Allocation of Expenses

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

K. Income taxes

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

L. Advertising

Advertising costs are expensed as incurred. Advertising expense was \$0 in 2019.

(2) Accounting Estimates

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

(3) Liquidity and Availability of Resources

The following reflects Chez Hope, Inc.'s financial assets as of June 30, 2019, reduced by amounts not available for general use because of donor-imposed restrictions:

| | |
|--|-------------------|
| Financial assets, at year-end | \$ 290,801 |
| Less those unavailable for general expenditures within one year, due to: | |
| Donor-imposed restrictions- | |
| Restricted by donors with purpose restrictions | <u>(5,000)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 285,801</u> |

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

Chez Hope, Inc. has \$285,801 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$80,248 and grants receivable of \$205,553. As part of the Chez Hope, Inc.'s liquidity management, the organization maintains sufficient cash balances throughout the year through the receipt of grants and donations to support the organization's objectives. To help manage unanticipated liquidity needs, Chez Hope, Inc. has a committed revolving line of credit in the amount of \$150,000.

(4) Grants Receivable

Grants receivable consisted of the following at June 30, 2019:

| | |
|--|-------------------|
| Louisiana Commission on Law Enforcement | |
| VOCA | \$ 66,034 |
| KKIDDS | 31,415 |
| Department of Children and Family Services | <u>108,104</u> |
| | <u>\$ 205,553</u> |

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2019:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|--------------------------------------|------------------------------|--------------------|---------------------|---------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 51,500 | \$ - | \$ (15,000) | \$ 36,500 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 435,293 | - | (103,543) | 331,750 |
| Office furniture and equipment | 119,759 | 40,223 | (35,089) | 124,893 |
| Vehicles | 145,417 | - | - | 145,417 |
| Leasehold improvements | 281,154 | - | - | 281,154 |
| | <u>1,033,123</u> | <u>40,223</u> | <u>(153,632)</u> | <u>919,714</u> |
| Accumulated depreciation | <u>(327,523)</u> | <u>(61,226)</u> | <u>39,115</u> | <u>(349,634)</u> |
| Property and equipment, net | <u>\$ 705,600</u> | <u>\$ (21,003)</u> | <u>\$ (114,517)</u> | <u>\$ 570,080</u> |

Depreciation expense totaling \$63,815 was recognized in the statement of activities for the year ended June 30, 2019.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(6) Demand Note Payable

Demand note payable consists of a revolving line of credit payable to First National Bank in the amount of \$150,000 with interest at 6.00% per annum payable monthly. The outstanding balance on the line of credit at June 30, 2019 is \$143,089.

(7) Short-Term Debt

Short-term debt, which is presented as a component of accrued expenses, is comprised of the following at June 30, 2019:

Payable to a financing company. Payable in monthly installments of \$1,444 with final payment due on October 5, 2019. Collateralized by unexpired premiums on insurance policies.

\$ 4,229

(8) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2018:

Note payable to First National Bank bearing interest at 5.50% per annum, due in monthly installments of \$2,246 including interest, maturing in October 2028, secured by real property with a carrying amount of \$304,188

\$ 196,424

Note payable to Ally Bank bearing interest at 6.0% per annum, due in monthly installments of \$376 including interest, maturing in July 2021, and is secured by vehicle with a carrying amount of \$11,439.

8,834

Note payable to Ally Bank bearing interest at 5.65% per annum, due in monthly installments of \$400 including interest, maturing in September 2023, and is secured by vehicle with a carrying amount of \$17,706

17,934

Total long-term debt

223,192

Less: current portion

24,558

Long-term debt, net of current portion

\$ 198,634

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

Principal maturities of long-term debt are as follows:

| Year | Amount |
|-----------|------------|
| 2020 | \$ 24,558 |
| 2021 | 25,970 |
| 2022 | 23,208 |
| 2023 | 24,132 |
| 2024 | 21,577 |
| 2025-2029 | 103,747 |
| | \$ 223,192 |

(9) Contingencies

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

(10) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2019:

| | |
|---|------------|
| Unspent funds from Louisiana Charities Trust | \$ 5,000 |
| Book value of property and equipment purchased with federal funds | 125,323 |
| | \$ 130,323 |

(11) Operating Leases

At June 30, 2019, Chez Hope, Inc. had three operating leases in effect, each for a period of one year with the option to renew for an additional year. The leases cover buildings and property in various locations used to serve the recipients of the organization's services. Total rent expense related to the operating leases for the year ended June 30, 2019 totaled \$50,120.

(12) Concentration of Credit Risk

Chez Hope, Inc. maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, Chez Hope, Inc.'s cash balances were fully secured.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(13) Subsequent Events

Management has evaluated subsequent events through December 18, 2019, the date which the financial statements were available for issue.

(14) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R. S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the Executive Director, Cherrise Picard, for the year ended June 30, 2019, are as follows:

| | |
|----------------------|------------------|
| Annual salary | \$ 85,000 |
| Benefits - Insurance | 5,133 |
| Per Diem | 584 |
| Travel - Airfare | 1,165 |
| Travel - Hotel | 735 |
| Travel - Other | <u>20</u> |
| Total | <u>\$ 92,637</u> |

(15) Change in Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) in August 2016. The Organization has changed the presentation of its financial statements, accordingly, applying the changes retrospectively to beginning net assets presented. The new standard changed the following aspects of the Organization's financial statements: temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class named net assets with donor restrictions; the unrestricted net asset class has been changed to net assets without donor restrictions; and the financial statements include a new disclosure relative to the liquidity and availability of resources. The adoption of ASU 2016-14 had the following effect on previously reported net assets:

| <u>Net Asset Class</u> | <u>As Previously Presented</u> | <u>After Adoption of ASU 2016-14</u> |
|--|--------------------------------|--------------------------------------|
| Unrestricted- | | |
| Undesignated | \$ (291,344) | \$ - |
| Temporarily restricted | 705,600 | - |
| Net assets without donor restrictions- | | |
| Undesignated | - | 280,183 |
| Net assets with donor restrictions | <u>-</u> | <u>134,073</u> |
| | <u>\$ 414,256</u> | <u>\$ 414,256</u> |

SUPPLEMENTARY INFORMATION

CHEZ HOPE, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program Title | CFDA Number | Pass-Through/ Entity Identifying Number | Provided to Subrecipients | Expenditures |
|---|----------------|---|------------------------------|---------------------|
| UNITED STATES DEPARTMENT OF JUSTICE | | | | |
| Passed through Louisiana Commission on Law Enforcement | | | | |
| Crime Victim Assistance | 16.575 | | | |
| Domestic Violence Program (St Mary) 4 | | 2016-VA-02-3783 | - | 71,881 |
| Domestic Violence Program (Iberia) 4 | | 2016-VA-02-3888 | - | 75,137 |
| Domestic Violence Program (St. Martin) 4 | | 2016-VA-02-3894 | - | 51,787 |
| Victim Assistance Program (St. Mary) (KKIDSS) 4 | | 2016-VA-03/04-3896 | - | 55,603 |
| Victim Assistance Program (Iberia) (KKIDSS) 4 | | 2016-VA-03/04-3898 | - | 43,353 |
| Domestic Violence Program (Iberia) 4 | | 2017-VA-02-4279 | - | 56,654 |
| Domestic Violence Program (St Mary) 4 | | 2017-VA-02-4286 | - | 84,698 |
| Domestic Violence Program (St. Martin) 4 | | 2017-VA-02-4287 | - | 44,853 |
| Victim Assistance Program (St. Mary) (KKIDSS) 4 | | 2017-VA-02/03-4288 | - | 41,754 |
| Victim Assistance Program (Iberia) (KKIDSS) 4 | | 2017-VA-02-4289 | - | 36,355 |
| Total Crime Victim Assistance Programs | | | - | <u>562,075</u> |
| Violence Against Women Formula Grants | 16.588 | | | |
| Domestic Violence Program | | 2017-WF-03-4187 | - | 9,510 |
| Domestic Violence Program | | 2018-WF-03-4771 | - | 5,271 |
| Total Violence Against Women Formula Grants | | | - | <u>14,781</u> |
| Total United States Department of Justice | | | - | <u>576,856</u> |
| UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed through Louisiana Department of Children and Family Services | | | | |
| Family Violence Prevention Services State Grant | 93.671 | | | |
| Family Violence Prevention Services Program | | 2018-2019 | - | 516,884 |
| Total expenditures of federal awards | | | \$ - | <u>\$ 1,093,740</u> |

CHEZ HOPE, INC.

Notes to Schedule of Expenditures of Federal Awards

(1) Summary of Significant Accounting Policies

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

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. Chez Hope, Inc. has not elected to use the 10 percent de minimis indirect cost rate.

(2) Relationship to Financial Statements

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

Statement of Activities-

| | |
|--|---------------------|
| Federal and state financial assistance | |
| Department of Children and Family Services | \$ 516,884 |
| Louisiana Commission on Law Enforcement - | |
| KKIDDS | 177,065 |
| VAWA | 14,781 |
| VOCA | 385,010 |
| Total federal and state financial assistance | <u>\$ 1,093,740</u> |

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified a deficiency in internal control that we consider to be a significant deficiency, and which is described as item 2019-001 in the accompanying schedule of findings and questioned costs.

Compliance and Other Matters

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

Chez Hope, Inc.'s Response to Finding

Chez Hope, Inc.'s response to the finding identified in our audit is described in the accompanying management's response and corrective action plan for current audit findings. Chez Hope, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 18, 2019

KOLDER, SLAVEN & COMPANY, LLC

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

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Chez Hope, Inc. with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Chez Hope Inc.'s major federal programs for the year ended June 30, 2019. Chez Hope, Inc.'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 Chez Hope Inc.'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 Chez Hope, Inc.'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 on Chez Hope, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Chez Hope, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Chez Hope, Inc. 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 Chez Hope, Inc.'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 the 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 of Chez Hope, Inc.'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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 18, 2019

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

| CFDA Number | Federal Agency and Name of Major Program | Type of Opinion |
|----------------|---|--------------------|
| 93.671 | U.S. Department of Health and Human Services Family Violence Prevention Services State Grant | Unmodified |

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

Other

9. Management letter issued? _____ yes _____ ✓ no

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2019

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

2019-001 Financial Reporting

Fiscal year finding initially occurred: June 30, 2019

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

CRITERIA: Chez Hope, Inc.'s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

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

Part III: Findings and Questioned Costs for Federal Awards

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A

Chez Hope, Inc.
Family Violence Crisis Center



Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Post Office Box 98
Franklin, LA 70538
(337)828-4200 Phone
(337)828-4202 Fax

New Iberia, LA
(337)560-0090

Jeanerette, LA
(337)380-4646

St. Martinville, LA
(337)242-6100

Napoleonville, LA
(985)513-2777

State Crisis Line
1-888-411-1333

chezhope.org

Findings reported in accordance with Government Auditing Standards:

Internal Control –

2018-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has been resolved.

Compliance –

None

Findings for federal awards defined in the Uniform Guidance -

None

Management Letter Findings –

2018-ML-1 Written Policies and Procedures Related to Federal Awards

CONDITION: The requirements of 2 CFR 200, Subpart D – Post Federal Award Requirements and Subpart E- Cost Principles of Uniform Guidance require specific written policies and procedures. Chez Hope, Inc.'s written policies and procedures does not include all written policies and procedures required by Uniform Guidance.

CURRENT STATUS: This issue has been resolved.

Sincerely,

Cherrise Picard, Executive Director



CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B

December 18, 2019

Chez Hope, Inc.
Family Violence Crisis Center



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

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Napoleonville, LA
(985)513-2777

State Crisis Line
1-888-411-1333

chezhope.org

Dear Gerald,

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

2019-001 Financial Reporting

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

Management's Response

The financial reporting process will continue to be outsourced to Chez Hope, Inc.'s external auditors due to the increased cost to correct the condition.

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

Sincerely,


Cherrise Picard, Executive Director



Chez Hope, Inc.

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2018 through June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES TO CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

Chez Hope, Inc., and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Chez Hope, Inc., and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019, as required by the *Louisiana Governmental Audit Guide*. Chez Hope Inc.'s management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated exceptions are as follows:

Written Policies and Procedures

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

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

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

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

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

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

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

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

Written policies and procedures that address receipts and collections were not provided.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

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

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

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

Written policies and procedures related to debit and fuel cards were not provided.

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read Chez Hope Inc.'s ethics policy.

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

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

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

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

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

Board or Finance Committee

Procedure excluded from testing procedures in the current year - Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

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

Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Chez Hope Inc. only uses one bank account.

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

Reconciliation included evidence that it has been prepared within two (2) months of the related statement closing date.

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

Reconciliation did not include evidence of review by a member of management/board member who does not handle cash, post ledgers, or issue checks.

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

Not applicable—No outstanding reconciling items exceeding 12 months were noted.

Collections (excluding EFTs)

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the one (1) deposit site.

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

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

Cash drawer/register is not shared.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management asserted that all employees who have access to cash are covered by a bond or insurance policy for theft.

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

Randomly selected two (2) deposit dates for the sole bank account under procedure #3 and obtained supporting documentation for each of the deposits.

- a) Observe that receipts are sequentially pre-numbered.

Chez Hope, Inc. does not utilize a pre-numbered receipt system. However, receipts are recorded on a deposit log.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2019. Therefore, this category was excluded from testing during AUP procedures.

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtain Chez Hope Inc.'s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2019. Therefore, this category was excluded from testing during AUP procedures.

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

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

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2019. Therefore, this category was excluded from testing during AUP procedures.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2019. Therefore, this category was excluded from testing during AUP procedures.

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

Payroll and Personnel

This AUP category was covered under federal program testing during Chez Hope Inc.'s Uniform Guidance audit for the fiscal year ended June 30, 2019. Therefore, this category was excluded from testing during AUP procedures.

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in Chez Hope Inc.'s cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

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

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
Not Applicable—Chez Hope Inc. is a non-profit entity not subject to the Louisiana Code of Ethics.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
Not Applicable—Chez Hope Inc. is a non-profit entity not subject to the Louisiana Code of Ethics.

Debt Service

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

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
Not applicable.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Not Applicable.

Other

Procedure excluded from testing procedures in the current year - Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 3: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 or Year 2 may exclude those categories from testing in Year 3."

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response

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

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by Chez Hope Inc.'s management and the LLA and should not be used by anyone other than those specified parties. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Morgan City, Louisiana

December 18, 2019