

**Hope Connections, Inc.
Shreveport, Louisiana**

Financial Statements

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

Hope Connections, Inc.

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Independent Auditors' Report

To the Board of Directors
Hope Connections, Inc.
Shreveport, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

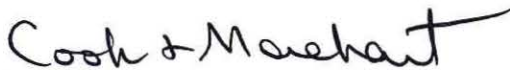
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information schedule shown on page 15 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, shown on page 14, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2021, on our consideration of Hope Connections, 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 Hope Connections, 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 Hope Connections, Inc.'s internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 24, 2021

Hope Connections, Inc.
 Statements of Financial Position
 December 31, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash	\$ 54,927	\$ 48,478
Grants receivable	173,137	63,557
Accounts receivable	13,558	10,954
Prepaid expenses		2,324
Total current assets	<u>241,622</u>	<u>125,313</u>
Property and equipment:		
Depreciable property and equipment, net	960,760	979,128
Non-depreciable property and equipment	55,417	35,842
Net property and equipment	<u>1,016,177</u>	<u>1,014,970</u>
Total Assets	<u><u>\$ 1,257,799</u></u>	<u><u>\$ 1,140,283</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	30,443	4,736
Accrued expenses	13,801	40,376
Loan payable	135,500	
Total current liabilities	<u>179,744</u>	<u>45,112</u>
Net assets:		
Without donor restrictions	<u>1,078,055</u>	<u>1,095,171</u>
Total net assets	<u>1,078,055</u>	<u>1,095,171</u>
Total Liabilities and Net Assets	<u><u>\$ 1,257,799</u></u>	<u><u>\$ 1,140,283</u></u>

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

Hope Connections, Inc.
 Statements of Activities
 For the Years Ended December 31, 2020, and 2019

	Without Donor Restriction	
	2020	2019
Revenues and Other Support:		
Government grants	\$ 833,188	\$ 673,456
Miscellaneous grants	2,901	79,250
Special events revenue		27,694
Contributions and donations	75,768	93,000
Fee for services	101,410	101,713
Miscellaneous revenues	9,026	40,822
Total revenues and other support	1,022,293	1,015,935
Expenses:		
Program services	893,142	767,067
Fundraising		11,303
General administration	146,267	192,898
Total expenses	1,039,409	971,268
Changes in net assets	(17,116)	44,667
Net assets, beginning of year	1,095,171	1,050,504
Net assets, end of year	\$ 1,078,055	\$ 1,095,171

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

Hope Connections, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services							Supporting Services		
	Continuum of Care (HMIS)	Projects for Assistance in Transition from Homelessness (PATH)	Continuum of Care Planning	Continuum of Care Support (CAP)	Caddo Parish Commission	Emergency Solutions Grants (ESG)	Other Program Services	Total Program	General and Administrative	Total
Salaries	\$ 37,294	\$ 93,416	\$ 95,922	\$ 104,407	\$	\$ 215,594	\$ 30,841	\$ 577,474	\$ 80,048	\$ 657,522
Fringe benefits	3,952	12,520	15,295	12,325		10,263	3,606	57,961	25,646	83,607
Travel and meetings		1,245						1,245	1,225	2,470
Occupancy		2,304				34,993	31,247	68,544		68,544
Telephone		2,093					11,775	13,868	1,045	14,913
Vehicle operation		1,485				1,444		2,929		2,929
Supplies		1,652	425		1,220	24,192	8,051	35,540	2,706	38,246
Professional services							8,544	8,544	35,597	44,141
Miscellaneous		1,618					2,663	4,281		4,281
Client services	19,607				14,918	31,427	17,701	83,653		83,653
Depreciation expense	2,464	5,556	6,005	7,761		13,482	3,835	39,103		39,103
Total Expenses	\$ 63,317	\$ 121,889	\$ 117,647	\$ 124,493	\$ 16,138	\$ 331,395	\$ 118,263	\$ 893,142	\$ 146,267	\$ 1,039,409

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

Hope Connections, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services							Supporting Services					
	Harbor 1	Continuum of Care HMIS	Projects for Assistance in Transition from Homelessness	Continuum of Care Planning	Caddo Parish	Continuum of Care CAP	CDBG	Emergency Solutions Grant	Other Program Services	Total Program	Fundraising	General and Administrative	Total
Salaries	\$ 136,940	\$ 31,527	\$ 77,572	\$ 98,454	\$	\$ 107,974	\$ 15,359	\$ 47,833	\$ 63,147	\$ 578,806	\$	\$ 57,191	\$ 635,997
Fringe benefits	14,729	2,992	6,165	5,782		8,501	1,319	3,703	4,733	47,924		34,039	81,963
Travel and meetings	929	50	2,760							3,739		10,563	14,302
Occupancy	7,495		2,277		845			28,425	4,349	43,391	166	20,075	63,632
Telephone	1,568		2,284							3,852		17,675	21,527
Vehicle operation			2,236					939		3,175		4,308	7,483
Supplies	595	233	2,838	392	2,765	2,068				8,891	271	6,835	15,997
Professional services	18		299		313				6,314	6,944	80	22,934	29,958
Miscellaneous			1,500							1,500		6,786	8,286
Client services		19,069			2,855			5,000		26,924	25	7,815	34,764
Fundraising									1,000	1,000	10,761		11,761
Depreciation expense	11,201	2,579	6,345	8,053		8,831		3,912		40,921		4,677	45,598
Total Expenses	\$ 173,475	\$ 56,450	\$ 104,276	\$ 112,681	\$ 6,778	\$ 127,374	\$ 16,678	\$ 89,812	\$ 79,543	\$ 767,067	\$ 11,303	\$ 192,898	\$ 971,268

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

Hope Connections, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2020, and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ (17,116)	\$ 44,667
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	39,103	45,598
(Increase) decrease in operating assets:		
Grants receivable	(109,580)	(21,142)
Accounts receivable	(2,604)	(4,170)
Prepaid insurance	2,324	(2,324)
Increase (decrease) in operating liabilities:		
Accounts payable	6,132	(70,475)
Accrued expenses	(26,575)	40,376
Net cash provided by (used in) operating activities	(108,316)	32,530
Investing Activities		
Payments for property and equipment	(20,735)	(7,071)
Net cash (used in) investing activities	(20,735)	(7,071)
Financing Activities		
Proceeds from note payable	135,500	
Net cash provided by financing activities	135,500	
Net increase in cash and cash equivalents	6,449	25,459
Cash as of beginning of year	48,478	23,019
Cash as of end of year	\$ 54,927	\$ 48,478
Acquisition of property		
Cost of property and equipment	\$ 40,310	\$
Trade account payable	(19,575)	
Cash down payment for property and equipment	\$ 20,735	\$

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

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Hope Connections, Inc., (HOPE) is a nonprofit corporation under the laws of the State of Louisiana. HOPE is governed by a board of directors composed of 8 members. HOPE was established to help meet the housing and service needs of the homeless in Northwest Louisiana and help transition them to self-sufficiency. The following programs, with their approximate percentage of total revenues for the year ended December 31, 2020 indicated, are administered by HOPE:

Continuum of Care Homeless Management Information System (HMIS) (7%) - Provides administrative support, national reporting, and regional training for the Homeless Management Information System that is used by all homeless programs in Northwest Louisiana. Funding is provided by federal funds from the Dept. of Housing and Urban Development.

Projects for Assistance in Transition from Homelessness (PATH) (12%) – Provides street outreach to those experiencing homelessness that live in camps, abandoned buildings, cars, etc. in an attempt to get them connected to housing and services. Funding is provided by federal funds passed through the Northwest Louisiana Human Service District.

Continuum of Care Planning Activities (Planning) (11%) - Provides regional administrative support, project monitoring, and grants management for the HUD Continuum of Care program and homeless system in Northwest Louisiana. Funding is provided by federal funds from the Department of Housing and Urban Development.

Continuum of Care Supportive Services (CAP) (15%) – Provides assessments, document collection, data entry, and housing referrals for those experiencing homelessness in Northwest Louisiana. Funding is provided by federal funds from the Department of Housing and Urban Development.

Caddo Parish (1%) - Provides client supplies for HOPE's Safe Haven Shelter. Funding is provided directly from the Caddo Parish Commission.

Emergency Solutions Grants (ESG) (35%) - Provides additional funding for HMIS and direct services for those experiencing homelessness such as Safe Haven Shelter operations, Day Shelter operations, and Street Outreach. ESG funding is provided by federal funds from the Department of Housing and Urban Development, passed through the City of Shreveport and the Louisiana Housing Corporation. Additional funding was also provided by federal funds through the CARES Act, also passed through the City of Shreveport and Louisiana Housing Corporation.

Other Program Services (19%) – Provides payment of necessary agency expenses not specifically attributable to a grant/contract operated by the agency. Funding is provided by various donations and fees for services.

B. Basis of Accounting

The financial statements of HOPE have been prepared on the accrual basis of accounting.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

C. Basis of Presentation

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

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

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

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

D. Income Tax Status

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

E. Use of Estimates

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

F. Cash and Cash Equivalents

HOPE's cash, as stated for cash flow purposes, consists of interest bearing and non-interest bearing bank accounts. HOPE has no other assets that are considered cash equivalents.

G. Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The State of Louisiana and the federal government have a reversionary interest in property purchased with state and federal funds. Its disposition as well as the ownership of any proceeds there from is subject to state and federal regulations.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

H. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

I. Compensated Absences

Full-time employees receive a set amount of paid time off (PTO) determined by longevity. Unused PTO does not carry over to the next year and is not paid at separation. Thus, for the year ended December 31, 2020 and 2019, there were no employee leave benefits requiring recognition.

J. Functional Allocation of Expense

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

(2) Concentrations of Credit Risk

Financial instruments that potentially subject HOPE to concentrations of credit risk consist principally of temporary cash investments, accounts receivable, and grants receivable. Concentrations of credit risk with respect to accounts receivable are limited due to these amounts being due from coalition member agencies – fee for services arrangements. Concentrations of credit risk with respect to grants receivable are limited due to these amounts being due from governmental agencies under contractual terms. HOPE maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At December 31, 2020 and 2019, total cash balances held at financial institutions was \$58,182 and \$47,159, respectively. All of the balances held at financial institutions were secured by FDIC.

(3) Grants Receivable

Various funding sources provide reimbursement of allowable costs and payment on units of service in connection with providing services under contracts or agreements. This balance represents amounts due from funding sources at December 31, 2020 and 2019, but received after those dates. Management has determined that the allowance for bad debts is not material.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(4) Liquidity and Availability of Financial Assets

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

Financial assets at year-end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 54,927	\$ 48,478
Grant and accounts receivables	<u>186,695</u>	<u>74,511</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 241,622</u>	 <u>\$ 122,989</u>

In addition to financial assets available to meet general expenditures over the coming year, HOPE operates with a balanced budget and anticipates covering its general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of HOPE's cash and shows negative cash used in operations of \$108,316 for fiscal year ending December 31, 2020, and positive cash generated by operations of \$32,530 for fiscal year ending December 31, 2019. HOPE also received loan proceeds during 2020 in the amount of \$135,500 under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Securities ACT (CARES ACT). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

(5) Property and Equipment

Property and equipment consisted of the following at December 31, 2020 and 2019:

	Estimated Depreciable Life	<u>2020</u>	<u>2019</u>
Land	n/a	\$ 35,842	\$ 35,842
Construction in process		<u>19,575</u>	
Total non-depreciable property and equipment		55,417	35,842
 Buildings and improvements	20–30 years	1,151,264	1,130,529
Vehicles	5 years	51,211	51,211
Furniture and fixtures	5–7 years	38,004	38,004
Equipment	5–7 years	28,819	28,819
Accumulated depreciation		<u>(308,538)</u>	<u>(269,435)</u>
Total depreciable property and equipment		<u>960,760</u>	<u>979,128</u>
 Net investment in property and equipment		 <u>\$ 1,016,177</u>	 <u>\$ 1,014,970</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$39,103 and \$45,598, respectively.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(6) Net Assets

Net assets at December 31, 2020 and 2019, consisted of the following:

Net Assets Without Donor Restrictions:	<u>2020</u>	<u>2019</u>
Undesignated	\$ 61,878	\$ 80,201
Net investment in property and equipment	<u>1,016,177</u>	<u>1,014,970</u>
Total net assets without donor restrictions	<u>1,078,055</u>	<u>1,095,171</u>
Total Net Assets	<u>\$1,078,055</u>	<u>\$ 1,095,171</u>

(7) Contractual Revenue – Grants

During the years ended December 31, 2020 and 2019, HOPE received contractual revenue from federal and state grants in the amount of \$833,188 and \$673,456, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(8) Leases

The agency leases certain equipment under an operating lease. The rental costs on the lease for the years ended December 31, 2020 and 2019 were \$1,968 and \$1,982, respectively. There were no remaining commitments under this lease agreement.

(9) Accrued Expenses

Accrued expenses at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Accrued salaries	\$ 12,985	\$ 4,762
Accrued payroll taxes		31,558
Other payroll related benefits	<u>816</u>	<u>4,056</u>
	<u>\$ 13,801</u>	<u>\$ 40,376</u>

Included in accrued payroll taxes at December 31, 2019, were penalties and interest on late payroll tax payments for the years ending December 31, 2018 and prior, in the amount of \$28,480. Payments totaling \$2,314 were remitted during the year ended December 31, 2019. The remaining balance of \$26,166 was paid during the year ended December 31, 2020.

(Continued)

Hope Connections, Inc.
Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

(10) Loan Payable

In April 2020, HOPE received loan proceeds in the amount of approximately \$135,500 under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Hope Connections, Inc. intends to use the proceeds for purposes consistent with the PPP.

(11) Uncertainty

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

(12) Commitment

During 2020 HOPE was awarded grant funds from the U.S. Department of Housing and Urban Development – Community Development Block Grant Program – Disaster Recovery, through the Louisiana Housing Corporation. The grant award of \$1,250,000 is for the purpose of implementing certain shelter operations and case management services for people experiencing homelessness. HOPE intends to use the funds to construct a new Safe Haven Shelter. As of December 31, 2020, HOPE had a signed contract for architecture services for the project in the amount of \$78,878. Total amount incurred as of December 31, 2020 was \$15,776 with the balance of \$63,102 to be incurred subsequent to December 31, 2020.

(13) Subsequent Events

In May 2021, HOPE signed a contract for construction of a new Safe Haven Shelter in the amount of \$1,494,274.

In January of 2021, HOPE obtained a line of credit in the amount of \$175,000, to be utilized in conjunction with the construction of a new Safe Haven Shelter. As of June 24, 2021, outstanding balance on the line of credit totaled \$51,594.

Subsequent events have been evaluated through June 24, 2021, the date the financial statements were available to be issued.

Hope Connections, Inc.
Shreveport, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Project Number	Passed Through to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Continuum of Care Program - Supportive Services	14.267	LA0043L6H021811	\$	\$ 148,809
Continuum of Care Program - Planning Activities	14.267	LA0339L6H021800		117,496
Continuum of Care Program - Homeless Management Information System	14.267	LA0248L6H021803		71,069
Passed through the City of Shreveport				
Emergency Solutions Grant Program	14.231	2020 SESG-01; E20-MC-22-0007		108,060
Covid -19 Emergency Solutions Grant Program	14.231	Unknown		49,974
Passed through the Louisiana Housing Corporation				
Emergency Solutions Grant Program	14.231	Unknown		15,000
Covid -19 Emergency Solutions Grant Program	14.231	Unknown		181,463
Total U.S. Department of Housing and Urban Development				691,871
<u>U.S. Department of Health and Human Services</u>				
Passed through the Northwest Louisiana Human Services District				
Emergency Food Assistance Program				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Unknown		126,329
Total U.S. Department of Health and Human Services				126,329
Total Expenditures of Federal Awards			\$	\$ 818,200

NOTE 1: The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hope Connections Inc., under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hope Connections Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Hope Connections Inc.

NOTE 2: Hope Connections Inc. does not utilize an indirect cost rate.

Hope Connections, Inc.
Shreveport, Louisiana
Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2020

Agency Head: Christa Pazzaglia, Chief Executive Officer

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 52,203

COOK & MOREHART

Certified Public Accountants

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MEMBER
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CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance
And Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Independent Auditors' Report

To the Board of Directors
Hope Connections, Inc.
Shreveport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hope Connections, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hope Connections, Inc.'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 Hope Connections, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Hope Connections, 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 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 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, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hope Connections, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 24, 2021

COOK & MOREHART

Certified Public Accountants

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Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance

Independent Auditors' Report

To the Board of Directors
Hope Connections, Inc.
Shreveport, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Hope Connections, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hope Connections, Inc.'s major federal programs for the year ended December 31, 2020. Hope Connections, Inc.'s major federal program is 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Hope Connections, 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 Hope Connections, 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 of Hope Connections, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Hope Connections, 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 December 31, 2020.

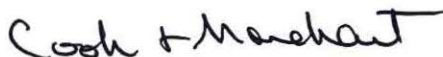
Report on Internal Control Over Compliance

Management of Hope Connections, 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 Hope Connections, 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 Hope Connections, 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.



Cook & Morehart
Certified Public Accountants
June 24, 2021



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 24, 2021

Hope Connections, Inc. respectfully submits the following Summary Schedule of Prior Audit Findings for the audit period ended December 31, 2020.

Name and address of independent public accounting firm:

Cook & Morehart, CPAs
1215 Hawn Ave
Shreveport, LA 71107

Audit period: Year Ended December 31, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

2019-001 – Significant Deficiency

Finding: For the time periods in 2018 and prior, Hope Connections, Inc. did not timely remit payroll taxes according to deposit schedules required by the taxing authorities. Penalties and interest due as of December 31, 2019, totaled \$28,480. During the year ended 2019, payments totaling \$2,314 were made in relation to the balance owed from prior years.

Recommendation: The auditor recommended that the agency communicate with the taxing authorities regarding the amounts due to establish payment arrangements in accordance with a structured timetable.

Current Status: The remaining balance due as of December 31, 2019, was paid in full during 2020.

2019-002 – Significant Deficiency

Finding: The auditors noted that one individual is responsible for requesting funds, receiving funds, preparing deposits, and posting deposits to the general ledger. In addition, there is no documented supervisory review on some of the requests for funds submitted to funding sources.

Recommendation: The auditors recommended that additional controls be established over the receipts function to include the following: Requests for funds should be reviewed and approved in writing by someone other than the preparer. A log should be prepared of all incoming receipts by the individual opening the mail, prior to the receipts being forwarded to the individual who prepares the deposits and posts to the general ledger. Such log should be subsequently compared to the validated deposits and general ledger postings. The agency should continue to have bank reconciliations prepared by the contract accountant.

Current Status: Additional controls were implemented as a result of the auditors' recommendations. A supervisor now reviews all requests for funds prior to submission. Receipts are logged by the individual opening the mail, and the log is periodically compared to subsequent deposits by that individual. Bank reconciliations are prepared by the contract accountant. No similar findings are reported in the current year audit.

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT: No single audit was required for the year ended December 31, 2019.

If additional information is needed, please contact me at 318-670-4591.

Sincerely,

A handwritten signature in blue ink that reads "Christa Pazzaglia". The signature is written in a cursive style with a small flourish at the end.

Christa Pazzaglia
Executive Director
Hope Connections, Inc.

Hope Connections, Inc.
Shreveport, Louisiana
Schedule of Findings and Questioned Costs
December 31, 2020

A. Summary of Audit Results

Financial Statements

Type of audit report issued : Unmodified

Internal control over financial reporting :

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

Noncompliance material to financial statements noted :

_____ yes v no

Federal Awards

Internal control over major programs :

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

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

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

_____ yes v no

Identification of major federal programs :

Food Distribution Cluster
Emergency Solutions Grant Program - CFDA #14.231

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

Auditee qualified as low risk :

_____ yes v no

B. Findings – Financial Statements Audit: None

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

Hope Connections, Inc.
Summary Schedule of Audit Findings for the Louisiana Legislative Auditor
December 31, 2020 and 2019

Summary Schedule of Prior Audit Findings

There were two findings for the prior year audit period ended December 31, 2019.

2019-001 – Significant Deficiency

Finding: For the time periods in 2018 and prior, Hope Connections, Inc. did not timely remit payroll taxes according to deposit schedules required by the taxing authorities. Penalties and interest due as of December 31, 2019, totaled \$28,480. During the year ended 2019, payments totaling \$2,314 were made in relation to the balance owed from prior years.

Recommendation: We recommend that the agency communicate with the taxing authorities regarding the amounts due to establish payment arrangements in accordance with a structured timetable.

Current Status: No finding in the current year audit. Remaining balance due as of December 31, 2019 was paid during 2020.

2019-002 – Significant Deficiency

Finding: During our audit, we noted that one individual is responsible for requesting funds, receiving funds, preparing deposits, and posting deposits to the general ledger. In addition, there is no documented supervisory review on some of the requests for funds submitted to funding sources.

Recommendation: We recommend that additional controls be established over the receipts function to include the following: Requests for funds should be reviewed and approved in writing by someone other than the preparer. A log should be prepared of all incoming receipts by the individual opening the mail, prior to the receipts being forwarded to the individual who prepares the deposits and posts to the general ledger. Such log should be subsequently compared to the validated deposits and general ledger postings. The agency should continue to have bank reconciliations prepared by the contract accountant.

Current Status: Improvement noted. No finding in the current year audit.

Corrective Action Plan for Current Year Audit Findings

There are no findings reported for the current year audit period ended December 31, 2020.