

SHELTER RESOURCES, INC.

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2019

**CASCIO & SCHMIDT, LLC
Certified Public Accountants**

SHELTER RESOURCES, INC.

TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10
SUPPLEMENTAL INFORMATION	
Combined Statement of Activities	12
Schedule of Compensation, Benefits and Other Payments to Agency Head	13
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 <u>GOVERNMENT AUDITING STANDARDS</u>	14 - 15
SCHEDULE OF FINDINGS AND RESPONSES	16

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Shelter Resources, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Shelter Resource Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities 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 of 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 Shelter Resources, Inc. as of December 31, 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 more fully described in Note J to the financial statements, the Corporation may be materially impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

Other Matter

The financial statements of Shelter Resources, Inc. for the year ended December 31, 2018 were audited by other accountants whose report dated April 25, 2019, expressed an unmodified opinion on those financial statements. Also, the summarized comparative information described in Note A-11 was derived from those financial statements.

**Other Matters
Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are 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 1, 2020, on our consideration of Shelter Resources, 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 Shelter Resources, 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 Shelter Resources Inc.'s internal control over financial reporting and compliance.



Metairie, Louisiana
June 1, 2020

SHELTER RESOURCES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

		<u>Summarized Comparative Information December 31, 2018</u>
ASSETS		
Cash	\$ 392,564	\$ 634,276
Receivables		
Grants (Notes A4 and B)	117,600	133,243
Other	-	150
	<u>117,600</u>	<u>133,393</u>
Prepaid expenses and deposits	<u>7,170</u>	<u>9,550</u>
Total current assets	<u>517,334</u>	<u>777,219</u>
Property and Equipment at cost (Note A-5 and C)	<u>925,464</u>	<u>1,026,686</u>
Total assets	<u>\$ 1,442,798</u>	<u>\$ 1,803,905</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>33,940</u>	\$ <u>61,062</u>
Total current liabilities	<u>33,940</u>	<u>61,062</u>
NET ASSETS		
Without donor restrictions	<u>1,408,858</u>	<u>1,742,843</u>
Total Net Assets	<u>1,408,858</u>	<u>1,742,843</u>
Total Liabilities and Net Assets	<u>\$ 1,442,798</u>	<u>\$ 1,803,905</u>

The accompanying notes are an integral part of this statement.

SHELTER RESOURCES, INC.
STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>	<u>Summarized</u> <u>Comparative Information</u> <u>Year ended</u> <u>December 31, 2018</u>
REVENUES				
Grant appropriations				
Governmental (Note E)	\$ -	\$ 610,017	\$ 610,017	\$ 909,743
Donations	27,794	-	27,794	60,819
Fundraising revenue	5,572	-	5,572	15,744
Other	46,909	5,826	52,735	42,805
Net assets released from restrictions	<u>615,843</u>	<u>(615,843)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>696,118</u>	<u>-</u>	<u>696,118</u>	<u>1,029,111</u>
EXPENSES				
Salaries	557,194	-	557,194	715,158
Fringe benefits	126,331	-	126,331	149,968
Contractual services	26,749	-	26,749	36,968
Travel	10,297	-	10,297	8,040
Insurance	79,616	-	79,616	81,776
Telephone	15,844	-	15,844	15,997
Utilities	34,316	-	34,316	38,334
Supplies	29,571	-	29,571	52,181
Vehicle expenses	-	-	-	902
Occupancy expense	10,965	-	10,965	10,007
Repairs and maintenance	17,350	-	17,350	29,096
Equipment expense	100,088	-	100,088	113,571
Other costs	<u>21,782</u>	<u>-</u>	<u>21,782</u>	<u>25,692</u>
Total Expenses	<u>1,030,103</u>	<u>-</u>	<u>1,030,103</u>	<u>1,277,690</u>
Increase (decrease) in Net Assets	(333,985)	-	(333,985)	(248,579)
Net Assets, Beginning of Year	<u>1,742,843</u>	<u>-</u>	<u>1,742,843</u>	<u>1,991,422</u>
Net Assets, End of Year	<u>\$ 1,408,858</u>	<u>\$ -</u>	<u>\$ 1,408,858</u>	<u>\$ 1,742,843</u>

The accompanying notes are an integral part of this statement.

SHELTER RESOURCES, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2019

Summarized
Comparative Information
For the Year ended
December 31, 2018

Cash Flows from Operating Activities		
Change in net assets	\$ (333,985)	\$ (248,579)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	99,642	111,359
Loss on sale of transportation equipment	580	-
Proceeds from sale of transportation equipment	1,000	-
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	15,643	145,874
(Increase) decrease in other receivables	150	610
(Increase) decrease in prepaid expenses	2,380	(3,228)
Increase (decrease) in accounts payable and accrued liabilities	(27,122)	2,085
Net cash provided by (used in) operating activities	(241,712)	8,121
Cash Flows from Investing Activities		
Purchase of equipment	-	(9,725)
Net Cash Used by Investing Activities	-	(9,725)
Net Increase (Decrease) in Cash and Cash Equivalents	(241,712)	(1,604)
Cash and Cash Equivalents at Beginning of Year	634,276	635,880
Cash and Cash Equivalents at End of Year	\$ <u>392,564</u>	\$ <u>634,276</u>

The accompanying notes are an integral part of this statement.

SHELTER RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow.

1. Nature of Activities

Shelter Resource Inc. is a nonprofit corporation organized to provide housing and full supportive services to people with disabilities through August 31, 2019. As of September 1, 2019, the non-profit Corporation's mission is to provide affordable housing to seniors consistent with the principles of diversity, respect and dignity.

The Corporation is supported primarily through government grants. Approximately 88% of the Corporation's support for the year ended December 31, 2019 came from these grants. All government grants ended August 31, 2019.

2. Financial Statement Presentaion

Net assets and revenue, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Shelter Resources, Inc. and changes therein are classified and reported as follows:

Without donor restrictions - Those resources not subject to donor-imposed restrictions. The Board of Directors has discretionary control over these resources.

With donor restrictions - Those resources subject to donor-imposed restrictions that will be satisfied by action of Shelter Resources, Inc. or by the passage of time.

3. Revenue Recognition

Contributed support is reported as Without Donor Restrictions or With Donor Restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restrictions are reclassified to Without Donor Restrictions and reported in the statement of activity as "net assets released from restrictions".

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. Receivables

The Corporation considers accounts receivable to be fully collectible since the balance consists of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

SHELTER RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

5. Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, on a straight-line basis. Depreciation expense for the year ended December 31, 2019 totaled \$99,642

6. Cash equivalents

For purposes of the statement of cash flows, the corporation considers all investments with original maturities of three months or less to be cash equivalents.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

8. Fair Values of Financial Instruments

Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

9. Functional Allocation of Expenses

The expenses of providing the program and other activities have been summarized on a functional basis in Note I. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

10. Subsequent Events

The subsequent events of the Corporation were evaluated through the date the financial statements were available to be issued (June 1, 2020).

11. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

SHELTER RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE B - GRANTS RECEIVABLE

Grants receivable at December 31, 2019 consist of the following:

City of New Orleans	\$ <u>117,600</u>
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NOTE C - PROPERTY AND EQUIPMENT

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

Buildings	\$ 267,095
Improvements	1,711,152
Equipment	<u>67,773</u>
	2,046,020
Less accumulated depreciation	<u>(1,163,756)</u>
	882,264
Land	<u>43,200</u>
	\$ <u>925,464</u>

The building improvements were partially financed with a \$270,000 grant from the federal government. There is a requirement that the building be utilized for its intended purpose for 20 years, if not, the grant funds must be returned to the federal government.

NOTE D - INCOME TAXES

The Corporation is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Corporation has adopted the provisions of FASB ASC 740-10-25, which require a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Corporation does not believe its financial statements include any uncertain tax positions.

NOTE E - SUMMARY OF SOURCES OF REVENUES

The governmental grants and their inclusion in the accompanying financial statements are as follows:

<u>Grants</u>	<u>Period</u>	<u>Grant Award</u>	<u>Revenue Recognized</u>
City of New Orleans			
HOPWA	1/1/19 - 6/30/19	\$ 352,000	\$ 351,995
	7/1/19 - 8/31/19	117,600	117,600
Ryan White HIV/AIDS Treatment Extension Act	3/1/18 - 2/28/20	137,150	109,833

SHELTER RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE E - SUMMARY OF SOURCES OF REVENUES - Continued

<u>Grants</u>	<u>Period</u>	<u>Grant Award</u>	<u>Revenue Recognized</u>
Unity of Greater New Orleans, Inc. HOPWA	1/1/19 - 12/31/19	40,572	<u>30,589</u> \$ <u>610,017</u>

NOTE F - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

NOTE G - CONCENTRATION OF CREDIT RISK

As of December 31, 2019, the Corporation's cash balance consists of the following:

Cash balances, per bank statement	\$ 393,078
Less FDIC insurance	(250,000)
Unsecured balances	\$ <u>143,078</u>

The grants receivable due from the City of New Orleans accounts for 100% of total grants receivable.

NOTE H - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 392,564
Receivables	<u>117,600</u>
	\$ <u>510,164</u>

SHELTER RESOURCES, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019

NOTE G - FUNCTIONAL EXPENSES

Functional expenses for the year ended December 31, 2019 are as follows:

	<u>Program Expenses</u>	<u>Supportive Services</u>		<u>Supportive Services</u>	
	People living with disabilities	Management and General	Fundraising	Subtotal	Total
Salaries	\$ 349,698	\$ 207,496	\$ -	\$ 207,496	\$ 557,194
Fringe benefits	84,840	41,491	-	41,491	126,331
Contractual services	3,263	23,486	-	23,486	26,749
Travel	2,671	7,626	-	7,626	10,297
Insurance	54,986	24,630	-	24,630	79,616
Telephone	9,580	6,264	-	6,264	15,844
Utilities	22,573	11,743	-	11,743	34,316
Supplies	22,881	6,580	110	6,690	29,571
Occupancy expenses	2,925	8,040	-	8,040	10,965
Repairs and maintenance	7,526	9,824	-	9,824	17,350
Equipment expense	80,071	20,017	-	20,017	100,088
Other	15,524	5,530	728	6,258	21,782
Total	<u>\$ 656,538</u>	<u>\$ 372,727</u>	<u>\$ 838</u>	<u>\$ 373,565</u>	<u>\$ 1,030,103</u>

NOTE J - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Corporation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Corporation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year 2020.

SUPPLEMENTAL INFORMATION

SHELTER RESOURCES, INC.

COMBINED STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	Unity of Greater New Orleans	HOPWA Grant	Ryan White	General	Total
REVENUE					
Grant appropriations	\$ 30,589	\$ 469,595	\$ 109,833	\$ -	\$ 610,017
Donations	-	-	-	27,794	27,794
Other	-	5,826	-	52,481	58,307
Total Revenue	<u>30,589</u>	<u>475,421</u>	<u>109,833</u>	<u>80,275</u>	<u>696,118</u>
EXPENSES					
Salaries	21,377	287,596	69,509	178,712	557,194
Fringe benefits	4,695	66,501	16,005	39,130	126,331
Contractual services	-	8,232	-	18,517	26,749
Travel	-	1,750	922	7,625	10,297
Insurance	1,142	45,740	8,104	24,630	79,616
Telephone	543	8,142	895	6,264	15,844
Utilities	2,266	18,231	2,076	11,743	34,316
Supplies	566	21,723	592	6,690	29,571
Occupancy expenses	-	5,714	474	4,777	10,965
Repairs and maintenance	-	6,984	542	9,824	17,350
Equipment expense	-	-	-	100,088	100,088
Other	-	4,808	10,714	6,260	21,782
Total expenses	<u>30,589</u>	<u>475,421</u>	<u>109,833</u>	<u>414,260</u>	<u>1,030,103</u>
Increase (Decrease) in Net Assets	-	-	-	(333,985)	(333,985)
Transfers to/from General	-	-	-	-	-
Net Assets, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,742,843</u>	<u>1,742,843</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,408,858</u>	<u>\$ 1,408,858</u>

SHELTER RESOURCES, INC.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2019

Agency Head Name: Vicki Weeks (Retired January 31, 2020)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 97,000
Benefits - hospitalization and life insurance	11,748
Auto allowance	6,000

Agency Head Name: William B. Bedwell (December 2019)

Salary	\$ 4,038
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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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
Shelter Resources, Inc.

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 Shelter Resources, Inc. (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 1, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of 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 were not 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 Shelter Resources 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Standards Auditing* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cassio & Schmidt, LLC.

Metairie, Louisiana
June 1, 2020

SHELTER RESOURCES, INC.
SCHEDULE OF FINDINGS AND RESPONSES
Year ended December 31, 2019

A. Summary of Auditor's Report

The auditor's report expresses an unmodified opinion on the financial statements.

B. Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2019.

C. Status of Prior Year Audit Findings

There were no prior year audit findings.

SHELTER RESOURCES, INC.
STATEWIDE AGREED-UPON PROCEDURES
For the year ended December 31, 2019

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Shelter Resources, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Shelter Resources, Inc. and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the year ended December 31, 2019. The Shelter Resources, Inc.'s management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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

The procedures and associated results are as follows:

Written Policies and Procedures

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

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- 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.
- c) **Disbursements**, including processing, reviewing, and approving.

- 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).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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.
- g) **Credit Cards (and debit card, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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 the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.

There were no exceptions.

Board or Finance Committee

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:

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.

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. *Alternately, 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 year.*

For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

There were no exceptions in the preceding year.

Bank Reconciliations

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 the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:

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

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

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.

There were no exceptions.

Collections

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).

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 or 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:

Employees that are responsible for cash collections do not share cash drawers/registers. 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 be deposit.

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.

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.

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

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:

Observe that receipts are sequentially pre-numbered.

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

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

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

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

Note

The collection procedures are not applicable. The organization primarily received monies from its grantors.

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

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).

For each location selected, 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 not written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

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.

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.

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

Observe that the disbursement matched the related original invoice/billing statement.

Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties, as applicable.

There were no exceptions in the preceding year.

Credit Cards

Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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:

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, 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.]]

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

Using the monthly statements or combined statements selected, 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 transactions, 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).

There were no exceptions.

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

Obtain from management a listing of all travel and 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:

If reimbursed using a pre 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).

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

Observe that each reimbursement 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.

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

There were no exceptions in the preceding year.

Contracts

Obtain from management a listing of all agreements/contracts for professional services, material 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:

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.

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

If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

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.

There were no exceptions in the preceding year

Payroll and Personnel

Obtain a listing of the 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.

Randomly select one pay period during the fiscal period. For the 5 employees/officials selected, obtain attendance records and leave documentation for the pay period and:

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.)

Observe that supervisors approved the attendance and leave of the selected employees/officials.

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

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' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

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.

There were no exceptions in the preceding year

Ethics

Non-Profit organizations are excluded from the Ethics Statewide Agreed-Upon Procedures.

Debt Service

Non-Profit organizations are excluded from the Debt Service Statewide Agreed-Upon Procedures.

Other

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.

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

There were no exceptions in the preceding year.

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 State Agreed-Upon Procedures. 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 State Agreed-Upon Procedures, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Cascio + Schmidt, LLC

Metairie, Louisiana
June 1, 2020