

RAYS OF SONSHINE  
AUDITED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020 AND 2019  
AND FOR THE YEARS THEN ENDED  
WITH  
INDEPENDENT AUDITOR'S REPORT



**SILAS SIMMONS** LLP  
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS



RAYS OF SONSHINE

Annual Financial Statements  
As of and for the Year Ended December 31, 2020  
With Supplementary Information Schedules

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
Rays of Sonshine  
Monroe, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rays of Sonshine (a nonprofit Corporation) which comprise the statement of financial position as of and for the year ended 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.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 opinions.



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rays of Sonshine as of December 31, 2020 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.

## Other Matters

The financial statements of Rays of Sonshine, for the year ended December 31, 2019, were audited by another auditor, who expressed an unmodified opinion on those statements on November 9, 2020.

## Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Agency Head, required by the Louisiana Legislative Auditor, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 taken as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of Rays of Sonshine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Rays of Sonshine's internal control over financial reporting and compliance.



Natchez, Mississippi  
March 16, 2022

## FINANCIAL STATEMENTS

## RAYS OF SONSHINE

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
Cash	\$ 96,329	\$ 98,549
Accounts receivable:		
Services	5,924	81,809
United Way	-	12,457
Other	11,995	11,651
Prepaid expenses	3,647	7,898
Land, building, and equipment, net	2,556,469	2,654,836
Deposits	8,533	8,533
Total assets	<u>\$ 2,682,897</u>	<u>\$ 2,875,733</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 29,745	\$ 35,775
Accrued payroll and payroll taxes	12,966	22,950
Rental deposits	11,327	9,238
Received from residents	3,131	18,671
Notes payable	1,530,729	1,484,061
Total liabilities	<u>\$ 1,587,898</u>	<u>\$ 1,570,695</u>
<b>Net Assets</b>		
Net assets without donor restrictions	\$ 1,070,147	\$ 1,267,395
Net assets with donor restrictions	24,852	37,643
Total net assets	<u>\$ 1,094,999</u>	<u>\$ 1,305,038</u>
Total liabilities and net assets	<u>\$ 2,682,897</u>	<u>\$ 2,875,733</u>

The accompanying notes are an integral part of this financial statement.

## RAYS OF SONSHINE

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
<b>Support and Revenue</b>			
<i>Federal:</i>			
Supportive Housing Program - Note 6	\$ 78,644	\$ -	\$ 78,644
Emergency Food Assistance Program - Noncash - Note 6	300,035	-	300,035
EFSP Grant revenue	-	8,000	8,000
Federal - Payments for Services - Note 6:			
Block grant	158,553	-	158,553
Emergency Food Assistance Program - Nonfederal - Note 6	91,144	-	91,144
Contributions	135,087	-	135,087
United Way allocation	634	9,654	10,288
Program service fees	125,990	-	125,990
Charitable gaming	158,286	-	158,286
Rental revenue	126,184	-	126,184
Forgiveness of debt	74,231	-	74,231
Other revenue	180,548	-	180,548
Total	\$ 1,429,336	\$ 17,654	\$ 1,446,990
<i>Net Assets Released from Restriction:</i>			
Satisfaction of purpose restrictions	\$ -	\$ (30,445)	\$ (30,445)
Total support and revenue	\$ 1,429,336	\$ (12,791)	\$ 1,416,545
<b>Expenses</b>			
Program Services:			
Manna Pantry	\$ 403,979	\$ -	\$ 403,979
R.E.A.P.	133,083	-	133,083
Women's Residence	185,099	-	185,099
The Kitchen	988	-	988
Sonshine Community of Hope	120,630	-	120,630
Supportive Housing	33,276	-	33,276
The Yellow House	115,190	-	115,190
Breard Apartments (HUD)	185,778	-	185,778
Mothers With Children	196,324	-	196,324
Atkins Quarters	-	-	-
Sonshine House II	46,932	-	46,932
Clinic Apartments	19,138	-	19,138
Community of Hope II	1,863	-	1,863
Sonshine rental assistance - HUD 3 (2HS)	27,000	-	27,000
Total program services	\$ 1,469,280	\$ -	\$ 1,469,280
Support Services:			
Charitable gaming	\$ 135,865	\$ -	\$ 135,865
Management and general	21,439	-	21,439
Total support services	\$ 157,304	\$ -	\$ 157,304
Total expenses	\$ 1,626,584	\$ -	\$ 1,626,584
Change in net assets	\$ (197,248)	\$ (12,791)	\$ (210,039)
Net assets at beginning of year	1,267,395	37,643	1,305,038
Net assets at end of year	\$ 1,070,147	\$ 24,852	\$ 1,094,999

- continued -



## RAYS OF SONSHINE

## STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019		Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
<b>Support and Revenue</b>			
<i>Federal:</i>			
Supportive Housing Program - Note 6	\$ 301,954	\$ -	\$ 301,954
Emergency Food Assistance Program - Noncash - Note 6	212,754	-	212,754
EFSP Grant revenue	-	5,000	5,000
Federal - Payments for Services - Note 6:			
Block grant	312,039	-	312,039
Emergency Food Assistance Program - Nonfederal - Note 6	136,640	-	136,640
Contributions	119,683	5,000	124,683
United Way allocation	125	19,914	20,039
Program service fees	194,127	-	194,127
Charitable gaming	210,807	-	210,807
Rental revenue	98,675	-	98,675
Forgiveness of debt	74,231	-	74,231
Other revenue	66,775	-	66,775
Total	<u>\$ 1,727,810</u>	<u>\$ 29,914</u>	<u>\$ 1,757,724</u>
<i>Net Assets Released from Restriction:</i>			
Satisfaction of purpose restrictions	\$ 8,588	\$ (8,588)	\$ -
Total support and revenue	<u>\$ 1,736,398</u>	<u>\$ 21,326</u>	<u>\$ 1,757,724</u>
<b>Expenses</b>			
Program Services:			
Manna Pantry	\$ 395,418	\$ -	\$ 395,418
R.E.A.P.	127,353	-	127,353
Women's Residence	220,579	-	220,579
The Kitchen	7,218	-	7,218
Sonshine Community of Hope	138,831	-	138,831
Supportive Housing	22,797	-	22,797
The Yellow House	117,468	-	117,468
Breard Apartments (HUD)	210,868	-	210,868
Mothers With Children	241,552	-	241,552
Atkins Quarters	2,096	-	2,096
Sonshine House II	49,136	-	49,136
Clinic Apartments	2,235	-	2,235
Community of Hope II	4,009	-	4,009
Sonshine rental assistance - HUD 3 (2HS)	81,825	-	81,825
Total program services	<u>\$ 1,621,385</u>	<u>\$ -</u>	<u>\$ 1,621,385</u>
Support Services:			
Charitable gaming	\$ 171,793	\$ -	\$ 171,793
Management and general	26,526	-	26,526
Total support services	<u>\$ 198,319</u>	<u>\$ -</u>	<u>\$ 198,319</u>
Total expenses	<u>\$ 1,819,704</u>	<u>\$ -</u>	<u>\$ 1,819,704</u>
Change in net assets	\$ (83,306)	\$ 21,326	\$ (61,980)
Net assets at beginning of year	<u>1,350,701</u>	<u>16,317</u>	<u>1,367,018</u>
Net assets at end of year	<u>\$ 1,267,395</u>	<u>\$ 37,643</u>	<u>\$ 1,305,038</u>

The accompanying notes are an integral part of this financial statement.

RAYS OF SONSHINE

STATEMENT C

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31, 2020								
	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Supportive Housing	The Yellow House	Breard Apartments (HUD)	Mothers With Children
Alarm system	\$ -	\$ -	\$ 2,168	\$ -	\$ -	\$ 475	\$ 228	\$ 316	\$ 3,080
Automobile	176	8,628	3,514	-	723	1,621	6,518	2,135	3,503
Bad debts	-	-	-	-	-	-	-	-	-
Bank service charge	-	585	-	-	60	-	-	112	-
Contract services	-	2,135	-	-	-	-	-	-	-
Depreciation and amortization	11,039	-	921	-	60,739	-	-	22,934	7,797
Dues and subscriptions	-	1,369	29	-	-	-	-	72	93
Equipment (<\$1,000)	-	-	-	-	-	-	-	-	-
Fundraising fees	-	-	-	-	-	-	-	-	-
Insurance	3,646	5,586	10,349	-	8,021	3,936	3,303	8,892	8,568
Interest expenses	-	2,217	7,281	-	1,219	-	7,281	7,281	7,281
Licenses and permits	-	1,529	483	-	-	-	236	236	483
Meals	-	52	-	-	-	-	-	-	-
Miscellaneous	-	604	-	-	-	-	-	-	-
Printing	-	119	119	-	-	-	119	119	119
Postage	-	565	43	-	-	10	10	10	310
Professional fees	-	10,085	4,172	-	4,200	1,032	3,802	3,837	3,987
Program expense	-	4,230	2,920	-	5,425	454	1,494	1,797	1,893
Repairs and maintenance	4,293	8,974	9,636	-	16,827	2,974	9,676	11,095	11,049
Rent	-	-	-	-	-	-	-	-	-
Salaries and benefits	17,532	51,602	99,291	-	20,870	10,078	64,906	95,965	100,219
Software services	-	659	590	-	-	89	474	719	574
Supplies - food	361,068	7,262	11,063	934	-	-	-	-	10,710
Supplies	1,655	22,008	4,030	54	374	1,619	2,430	1,635	3,846
Taxes	1,405	4,135	7,955	-	1,672	807	5,200	7,688	8,030
Telephone	-	391	4,681	-	-	1,798	2,144	2,144	7,739
Training	-	-	-	-	-	-	-	-	-
Travel and entertainment	-	-	-	-	-	-	-	-	-
Utilities	3,165	348	15,854	-	500	8,383	7,369	18,791	17,043
<b>Total expenses</b>	<b>\$ 403,979</b>	<b>\$ 133,083</b>	<b>\$ 185,099</b>	<b>\$ 988</b>	<b>\$ 120,630</b>	<b>\$ 33,276</b>	<b>\$ 115,190</b>	<b>\$ 185,778</b>	<b>\$ 196,324</b>

RAYS OF SONSHINE

STATEMENT C

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31, 2020					December 31, 2020			
	Program Services					Supporting Services			
	Atkins Quarters	Sunshine House II	Clinic Apartments	Community of Hope II	Sonshine Rental Assistance HUD3 (2HS)	Total Program Services	Charitable Gaming	Management and General	Total
Alarm system	\$ -	\$ 1,460	\$ -	\$ -	\$ -	\$ 7,727	\$ -	\$ -	\$ 7,727
Automobile	-	-	-	-	-	26,818	-	-	26,818
Bad debts	-	-	-	1,863	-	1,863	-	-	1,863
Bank service charge	-	165	-	-	-	922	48	740	1,710
Contract services	-	-	-	-	-	2,135	-	-	2,135
Depreciation and amortization	-	18,240	-	-	-	121,670	-	6,340	128,010
Dues and subscriptions	-	-	100	-	-	1,663	-	30	1,693
Equipment (<\$1,000)	-	-	-	-	-	-	-	-	-
Fundraising fees	-	-	-	-	-	-	-	2,610	2,610
Insurance	-	2,653	-	-	3,613	58,567	848	-	59,415
Interest expenses	-	-	-	-	-	32,560	-	7,281	39,841
Licenses and permits	-	-	450	-	-	3,417	-	-	3,417
Meals	-	-	-	-	-	52	-	-	52
Miscellaneous	-	-	-	-	-	604	-	993	1,597
Printing	-	-	-	-	-	595	-	-	595
Postage	-	-	-	-	-	948	-	-	948
Professional fees	-	1,000	1,045	-	-	33,160	800	-	33,960
Program expense	-	-	-	-	1,278	19,491	125	35	19,651
Repairs and maintenance	-	6,335	2,406	-	309	83,574	-	2,669	86,243
Rent	-	-	-	-	-	-	51,136	-	51,136
Salaries and benefits	-	6,091	12,033	-	19,088	497,675	12,742	-	510,417
Software services	-	-	48	-	-	3,153	-	271	3,424
Supplies - food	-	-	-	-	200	391,237	-	-	391,237
Supplies	-	99	-	-	79	37,829	69,145	-	106,974
Taxes	-	487	964	-	1,529	39,872	1,021	-	40,893
Telephone	-	1,860	-	-	686	21,443	-	470	21,913
Training	-	-	-	-	-	-	-	-	-
Travel and entertainment	-	-	-	-	-	-	-	-	-
Utilities	-	8,542	2,092	-	218	82,305	-	-	82,305
Total expenses	\$ -	\$ 46,932	\$ 19,138	\$ 1,863	\$ 27,000	\$ 1,469,280	\$ 135,865	\$ 21,439	\$ 1,626,584

RAYS OF SONSHINE

STATEMENT C

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31, 2019								
	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Supportive Housing	The Yellow House	Breard Apartments (HUD)	Mothers With Children
Alarm system	\$ -	\$ -	\$ 1,410	\$ -	\$ -	\$ 996	\$ 893	\$ 1,080	\$ 1,482
Automobile	423	5,580	5,166	-	509	-	4,149	4,724	5,152
Bad debts	-	-	-	-	948	-	-	-	-
Bank service charge	-	389	-	-	49	-	-	168	-
Contract services	-	7,558	-	-	-	-	-	-	-
Depreciation and amortization	12,213	431	1,045	-	63,172	7	28	22,622	8,214
Dues and subscriptions	-	1,956	150	-	41	-	16	16	344
Equipment (<\$1,000)	-	-	216	-	-	-	928	216	216
Fundraising fees	-	-	-	-	-	-	-	-	-
Insurance	4,621	2,494	14,328	-	10,383	2,201	5,337	11,173	14,101
Interest expenses	-	990	10,289	-	1,511	-	10,289	10,289	10,289
Licenses and permits	-	605	1,157	-	-	-	225	225	698
Meals	-	151	-	-	-	-	-	-	-
Miscellaneous	-	1,310	167	-	-	-	-	-	187
Printing	-	-	93	-	-	-	-	-	93
Postage	-	36	294	-	-	-	12	29	536
Professional fees	-	1,420	932	-	320	-	968	10,985	968
Program expense	-	5,603	2,930	-	3,543	-	1,942	3,682	3,014
Repairs and maintenance	4,733	23,270	11,707	-	37,829	2,937	4,754	16,817	9,643
Rent	-	-	-	-	-	-	-	-	-
Salaries and benefits	11,280	48,303	111,654	-	16,977	12,241	73,766	99,790	125,682
Software services	-	464	589	-	-	-	202	202	669
Supplies - food	349,394	2,167	19,969	7,218	-	-	44	2,158	20,557
Supplies	1,134	17,836	7,668	-	-	1,691	1,069	2,370	4,916
Taxes	904	4,594	8,952	-	1,362	982	5,914	8,001	10,077
Telephone	-	286	5,632	-	-	-	1,119	1,341	7,159
Training	-	20	21	-	-	-	21	33	-
Travel and entertainment	-	763	-	-	-	-	-	-	-
Utilities	10,716	1,127	16,210	-	2,187	1,742	5,792	14,947	17,555
<b>Total expenses</b>	<b>\$ 395,418</b>	<b>\$ 127,353</b>	<b>\$ 220,579</b>	<b>\$ 7,218</b>	<b>\$ 138,831</b>	<b>\$ 22,797</b>	<b>\$ 117,468</b>	<b>\$ 210,868</b>	<b>\$ 241,552</b>



RAYS OF SONSHINE

STATEMENT C

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31, 2019								
	Program Services					Total Program Services	Supporting Services		
	Atkins Quarters	Sunshine House II	Clinic Apartments	Community of Hope II	Sonshine Rental Assistance HUD3 (2HS)		Charitable Gaming	Management and General	Total
Alarm system	\$ -	\$ 720	\$ -	\$ -	\$ 86	\$ 6,667	\$ -	\$ -	\$ 6,667
Automobile	-	-	-	-	2,843	28,546	-	-	28,546
Bad debts	-	-	-	-	-	948	-	-	948
Bank service charge	-	179	-	-	-	785	42	1,336	2,163
Contract services	-	-	-	-	-	7,558	1,945	-	9,503
Depreciation and amortization	-	18,969	-	-	-	126,701	-	8,324	135,025
Dues and subscriptions	-	-	-	-	266	2,789	-	44	2,833
Equipment (<\$1,000)	-	-	-	-	-	1,576	-	56	1,632
Fundraising fees	-	-	-	-	-	-	-	5,031	5,031
Insurance	-	2,490	-	-	7,527	74,655	379	-	75,034
Interest expenses	-	-	-	-	-	43,657	-	10,289	53,946
Licenses and permits	-	-	-	-	20	2,930	-	-	2,930
Meals	-	-	-	-	-	151	-	-	151
Miscellaneous	-	-	-	-	294	1,958	-	37	1,995
Printing	-	-	-	-	185	371	-	73	444
Postage	-	-	-	-	599	1,506	13	120	1,639
Professional fees	-	500	-	3,293	8,024	27,410	3,927	-	31,337
Program expense	-	30	-	-	5,474	26,218	673	-	26,891
Repairs and maintenance	-	8,137	166	425	3,902	124,320	-	1,166	125,486
Rent	-	-	-	-	-	-	63,094	-	63,094
Salaries and benefits	-	5,786	-	136	33,337	538,952	14,494	-	553,446
Software services	-	-	-	-	776	2,902	-	-	2,902
Supplies - food	-	-	-	-	-	401,507	-	-	401,507
Supplies	2,096	97	-	144	8,132	47,153	86,064	-	133,217
Taxes	-	464	-	11	2,673	43,934	1,162	-	45,096
Telephone	-	-	-	-	3,327	18,864	-	-	18,864
Training	-	-	-	-	-	95	-	50	145
Travel and entertainment	-	-	-	-	-	763	-	-	763
Utilities	-	11,764	2,069	-	4,360	88,469	-	-	88,469
Total expenses	\$ 2,096	\$ 49,136	\$ 2,235	\$ 4,009	\$ 81,825	\$ 1,621,385	\$ 171,793	\$ 26,526	\$ 1,819,704



RAYS OF SONSHINE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Change in net assets:	\$ (210,039)	\$ (61,980)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	128,010	135,027
Forgiveness of debt	(188,631)	(74,231)
Changes in assets and liabilities:		
Accounts receivable	87,998	(37,685)
Prepaid expenses	4,251	33,198
Accounts payable	(6,031)	(9,487)
Deferred revenue	-	(32)
Deposits received on rentals	(13,451)	5,628
Accrued liabilities	(9,983)	6,543
Total adjustments	\$ 2,163	\$ 58,961
Net cash provided (used) by investing activities	\$ (207,876)	\$ (3,019)
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	\$ (29,643)	\$ (6,875)
Net cash provided (used) by investing activities	\$ (29,643)	\$ (6,875)
<b>Cash Flows From Financing Activities</b>		
Principal payments on notes payable	\$ (29,101)	\$ (39,679)
Proceeds from new debt	264,400	20,000
Net cash provided (used) by investing activities	\$ 235,299	\$ (19,679)
Increase (decrease) in cash	\$ (2,220)	\$ (29,573)
Cash at beginning of year	98,549	128,122
Cash at end of year	\$ 96,329	\$ 98,549
Noncash transactions are as follows:		
Operating activities:		
Donations of food from food bank	\$ 391,179	\$ 349,394
Disbursements of food by The Zone	(391,179)	(349,394)
Total operating activities	\$ -	\$ -
Cash paid for interest	\$ 39,841	\$ 53,946

The accompanying notes are an integral part of this financial statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**RAYS OF SONSHINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1 - DESCRIPTION OF CORPORATION**

Rays of Sonshine (the Corporation) was established during the year ended December 31, 1998, as a nonprofit volunteer health and welfare organization for the purpose of working to assist individuals in crisis situations through various charitable and educational programs. During the year ended December 31, 2007, a subsidiary of Rays of Sonshine, Sonshine Neighborhoods and Properties, Inc. was established to construct new homes for rental to low income individuals. No activity has occurred for Sonshine Neighborhoods and Properties, Inc. for the fiscal years ended December 31, 2020 and 2019.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting and Financial Statement Presentation**

The financial statements of Rays of Sonshine have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions). Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Net assets without donor restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net assets with donor restrictions - Assets subject to usage limitation based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in net assets with donor restrictions by the donor or by applicable state law.

**B. Contributions**

In accordance with FASB ASC 958-205, *Not-for-Profit Entities - Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The Corporation has elected to recognize restricted contributions which are released from the restriction in the same year as unrestricted contributions.

**C. Donated Services**

Members, agencies, businesses, volunteers, and others contribute substantial services toward fulfillment of the projects initiated by the Corporation. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer efforts under FASB ASB 958-205 have not been satisfied.



RAYS OF SONSHINE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For financial statement purposes, the Corporation considers cash in its checking accounts to be the only cash items.

E. Accounts Receivable

Accounts receivables are stated at unpaid balances less an allowance for doubtful accounts. Accounts receivable consist of amounts receivable from various programs. Management considers the collectability of each account receivable individually. At December 31, 2020 and 2019, the Corporation had an allowance for doubtful accounts in the amount of \$0.

F. Liquidity and Availability of Resources

The Corporation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2020	2019
Cash	\$ 96,329	\$ 98,549
Accounts receivable - services	5,924	81,809
Accounts receivable - United Way	-	12,457
Accounts receivable - other	11,995	11,651
Total	<u>\$ 114,248</u>	<u>\$ 204,466</u>

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available for general use because of contractual or donor-imposed restrictions include cash in the amount of \$24,852. Accordingly, all other funds are available to meet the cash needs of the Corporation in the next 12 months. In addition, the Corporation may maintain funds in a reserve for replacement. These funds are used for the benefit of the tenants and/or the Corporation. Such funds are not considered by the Corporation to have donor-imposed restrictions.

G. Property and Equipment

Property and equipment are stated at cost. The capitalization policy is to expense all items with a cost of less than \$1,000. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line and double declining balance basis over the useful lives of the assets using the following estimated lives:

	Years
Buildings and improvements	30
Furniture and equipment	7-30
Vehicles	3

RAY'S OF SONSHINE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Net Assets

Net assets without donor restrictions represent the surplus accumulated over the years through the normal operations of the Corporation. Income from restricted sources which is received during the year and for which the restrictions are satisfied within the same year, is represented in the net assets released from restriction.

Net assets with donor restrictions at December 31, 2020 and 2019, were \$24,852 and \$37,643, respectively.

At December 31, 2020 and 2019, the amount due from the United Way of Northeast Louisiana, Inc. was \$0 and \$12,457, respectively. For contributions restricted for neighborhood clean-up activities, per the Atkins Quarters Grant/Donation, were \$3,861 and \$4,195, for December 31, 2020 and 2019, respectively. Contributions restricted for Community of Hope II project for December 31, 2020 and 2019, were \$20,991 and \$20,991, respectively.

I. Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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. Contributions and investment return having donor stipulations that are satisfied in the same period received or earned are reported as revenue and net assets with donor restrictions and shown as net assets released from restrictions.

J. Grants

The Corporation receives commodities and other donated food items from the Food Bank of Northeast Louisiana, Inc. (the Food Bank). The Food Bank receives these items as a pass-through grant from the U.S. Department of Agriculture (USDA) or from other sources. The value of commodities is based on a price list from the USDA. The value for the other food items is based on an average cost per pound provide by America's Second Harvest.

All other grants are based on cost reimbursement.



RAYS OF SONSHINE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program services and support services benefitted. Such allocations are determined by management on an equitable basis.

Expense	Method of Allocation
Salaries and benefits	Time and effort

L. Programs

The Corporation's principal programs are as follows:

*Manna Pantry* - A food pantry which distributes food to those in need. The food is obtained from the Northeast Louisiana Food Bank which includes food from the USDA and Wal-Mart.

*R.E.A.P. (Overcomers)* - This program provides interactive groups, case management, peer support, to anyone in the community attempting to rebuild life and/or overcome destructive personal habits. All groups or assistance is based in present needs of those served. This program also includes Louisiana Children's Trust funding, which provides educational and support services for parents and teaches children personal safety and life skills, as the needs present themselves, either individually or through groups.

*Women's Residence* - This program provides  $\frac{3}{4}$  supportive housing to women and women and children in crisis or at-risk of homelessness that are no- or low-income and meet entrance guidelines. This includes The Breard House, The Blue House, The Moms with Children House, and The Yellow House, (individualized below).

*The Kitchen* - his program provides food and/or meals for those individuals/families living in the Corporation's supportive and permanent housing, plus individuals and families in time of need. It includes the warehouse which houses the Manna Pantry, as well as some supplies and clothing for those in need.

*Sonshine Community of Hope* - This program assisted with the construction of new homes on adjudicated lands that are rented to low income individuals and subsidized by the U.S. Department of Housing and Urban Development.

*Supportive Housing* - This program is also known as Transition Housing I, which provides a tiered level of onsite treatment for homeless women from Rays of Sunshine or community. Funding for this program is provided from the Louisiana Department of Health and Hospitals under the U.S. Department of Health and Human Resources; Block Grant for Prevention and Treatment of Substance Abuse. During the fiscal year ended December 31, 2019, the Corporation had received notification from HUD regarding changes in the Supportive Housing Program, which would no longer be conducive to the mission of the Corporation. Because of these changes, the Corporation decided not to renew the Supportive Housing Program; therefore, the Supportive Housing Program was terminated in march 2020.

RAYS OF SONSHINE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Programs (continued)

*The Yellow House* - This program is also known as Transition Housing 2, which provides additional supportive housing for at-risk or homeless women and women with children. Because of COVID-19, this property is closed. It may reopen, based on finances.

*Breard Apartments* - This program provides supportive housing to homeless or at-risk of homelessness women and women with children. Funding is gained through individual sponsorship, minimal weekly charge, or those qualified through Department of Correction.

*Mother's With Children* - This program provides shelter to homeless or at-risk of homelessness for women that have children. Funding is gained through individual sponsorship or minimal weekly charge. This home was temporarily closed because of COVID-19 and is scheduled to reopen by May 1, 2022.

*Atkins Quarters* - This program is the Fiscal Agent of community development in one single neighborhood - Atkins Quarter.

*Sonshine House II* - This program provides six permanent apartment housing to low income individuals or families who qualify under HUD guidelines.

*612 Apartment North 3rd* - This program provided temporary shelter for homeless women until additional housing needs could be provided. This program has been suspended and the apartments are currently closed. The re-opening of the apartments and this program is dependent upon finding future funding sources.

*Community of Hope II* - The Corporation was awarded grants in the amount of \$20,000 from Foundation of Louisiana and \$5,000 from Local Initiatives Support Corporation (LISC) to assist with new construction of homes to provide affordable and supportive housing for low income individuals and for households with complicated risk factors. This program has been put on hold due to the COVID-19 pandemic. It will be revisited as Louisiana Housing Corporation determines.

M. Income Taxes

The Corporation is exempt from income tax under Internal Revenue Code Section 501 (c)(3). This code section enables the Corporation to accept donations which qualify as charitable contributions to the donor. The only exception is the income tax paid on gambling proceeds. The Corporation had adopted certain provisions of FASB ASC 740 *Income Taxes*. The Corporation believes that it has appropriated support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Corporation's Federal Return of Organization Exempt From Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) for the years ended December 31, 2020, 2019, and 2018, are subject to examination by the IRS, generally for three years after they are filed.



RAYS OF SONSHINE  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Use of 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 of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates include the allocation of functional expenses and depreciation. Accordingly, actual results could differ from those estimates.

O. Subsequent Events

Management has evaluated subsequent events through March 16, 2022, which is the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	December 31,	
	2020	2019
Land	\$ 183,328	\$ 183,328
Buildings	3,193,796	3,193,796
Building improvements	365,649	350,359
Vehicle	41,668	41,668
Furniture, fixtures, and equipment	97,838	83,485
Total	\$ 3,882,279	\$ 3,852,636
Accumulated depreciation	(1,325,810)	(1,197,800)
Total capital assets, net	\$ 2,556,469	\$ 2,654,836

NOTE 4 - NOTES PAYABLE

Notes payable consisted of the following:

	December 31,	
	2020	2019
Mortgage due to Origin Bank		
4.59% interest rate, secured by real estate. Payments are \$372 monthly, due March 31, 2022, with balloon payment due at that time.	\$ 24,120	\$ 27,379

**RAYS OF SONSHINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 4 - NOTES PAYABLE (continued)**

	December 31,	
	2020	2019
<b>CDBG Loan</b>		
No-interest loan for the purpose of undertaking and satisfactorily completing NSP activities.	668,657	742,888
<b>Ally Loan</b>		
3.44% interest rate, secured by vehicle. Payments are annually, with final payment due October 12, 2021.	4,597	7,558
<b>Mortgage due to Cross Keys Bank</b>		
6.24% interest rate, secured by real estate. Payments are \$6,469 monthly, due December 13, 2022, with balloon payment due at that time.	662,624	686,236
<b>Cross Keys Line of Credit</b>		
5.00% interest rate, secured by real estate. Payment due March 13, 2021, with balloon payment due at that time.	20,730	20,000
<b>Small Business Administration</b>		
2.75% interest rate, secured by personal property. Payments are \$641 monthly, with final payment due May 2051.	150,000	-
Total	\$ 1,530,728	\$ 1,484,061
Less current portion of notes payable	(68,928)	(63,162)
Total long-term notes payable	\$ 1,461,800	\$ 1,420,899

The aggregate principal payments of long-term indebtedness maturing during the next five years and thereafter are as follows:

Year	Bank Mortgages	CDBG Loan	Total
2021	\$ 68,928	\$ -	\$ 68,928
2022	648,769	-	648,769
2023	3,681	-	3,681
2024	3,773	-	3,773
2025	3,889	-	3,889
Thereafter	133,031	668,657	801,688
Total	\$ 862,071	\$ 668,657	\$ 1,530,728

The CDBG loan, in the original amount of \$1,530,000, is a forgivable loan that starts as each rental unit is completed and operates at a full operating year. The loan forgiveness is at the rate of 1/20<sup>th</sup> of the initial principal amount in the case of redeveloped (new construction) rental units with a maturity date of December 31, 2030. In addition, the Corporation agrees to annually pay to the Louisiana Housing Corporation (LHC), an amount calculated on the total of the annual net revenue from all rental properties under this loan until the loan principal balance has been paid in full. This payment from net revenue shall not be applied towards the reduction of the loan principal balance. At December 31, 2020 and 2019, the Corporation owed LHC \$2,371 and \$2,868, respectively, which was included in Accounts Payable on the Statements of Financial Position. During the year ended December 31, 2020 and 2019, the CDBG loan was reduced by \$74,231 and \$74,231, respectively. As of December 31, 2020 and 2019, the balance on the loan was \$668,657 and \$742,888, respectively.



RAYS OF SONSHINE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - NOTES PAYABLE (continued)

**Origin Bank Loan**

On March 30, 2017, the Corporation renewed its existing loan in the amount of \$47,300. The interest rate is a fixed rate of 4.59% per annum. Beginning on April 30, 2017, monthly payments of principal and interest in the amount of \$372 was due and one irregular last payment estimated in the amount of \$22,360 was due. The loan matures on March 31, 2022. The loan is collateralized by the real estate.

**Ally Loan**

During the year ended December 31, 2016, the Corporation entered into a loan with Ally Loan Company in order to purchase a van. The loan is secured by the van. The interest is a fixed rate of 3.44% per annum. Beginning on November 11, 2016, monthly payments of principal and interest in the amount of \$355 are due. The loan matures on October 12, 2021.

**Cross Keys Bank Loan**

On December 13, 2017, the Corporation entered into a loan with Cross Keys Bank in the amount of \$750,315. The interest is a fixed rate of 6.25% per annum. Monthly payments of principal and interest in the amount of \$6,469 are due and one irregular payment estimated in the amount of \$580,365 will be due at maturity. The loan matures on December 13, 2022. The loan is collateralized by a multiple indebtedness mortgage granting a security interest in properties located at 200 Breard Street; N 2<sup>nd</sup> Street; 610-616 N 3<sup>rd</sup>; and 3515-3516 S Grand Street, Monroe, Louisiana 71201.

**Louisiana Housing Corporation Permanent Loan Contingent Commitment**

The Corporation was informed by the Louisiana Housing Corporation (LHC) of their contingent commitment to make available a loan for permanent financing in an amount of \$1,050,000. The permanent loan contingent commitment is to take out the construction financing necessary for the proposed new construction of seven units under the Louisiana Neighborhood Landlord Rental Program (LNLRP). The funding source of the loan is Community Development Block Grant (CDBG). The permanent loan will be collateralized by a 2<sup>nd</sup> mortgage position on all seven properties. The LHC's commitment is contingent upon compliance with the provisions of the National Environmental Policy Act of 1969 (NEPA), as well as to the HUD environmental review regulations at 24 CFR Part 58. The project is also subject to CDBG Federal Grant requirements to be referenced in the LNLRP Regulatory Agreement. As of December 31, 2020, no activity had occurred under this commitment.

NOTE 5 - LINES OF CREDIT

**Cross Keys Bank**

On March 13, 2020, the Corporation entered into a line of credit with Cross Keys Bank. The maximum amount of credit that can be drawn is \$35,600. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to time plus 1.0 percentage points, except otherwise provided. The maturity date on the note is March 13, 2021. The note is collateralized by a security interest in the property. During the fiscal year ended December 31, 2020, the Corporation had drawn on the line of credit and has a balance owed of \$20,730 at fiscal year-end.



## RAYS OF SONSHINE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 5 - LINES OF CREDIT (continued)****Origin Bank**

On July 2, 2019, the Corporation entered into a line of credit with Origin Bank. The maximum amount of credit that can be drawn is \$50,000. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to time plus 1.0 percentage points, except otherwise provided. The current interest rate is at 4.575%. The maturity date on the line is July 2, 2021. The line is collateralized by a security interest in the property. During the year December 31, 2018, DHH mandated a \$50,000 line of credit for Rays of Sonshine. As of the report date, nothing has been drawn on the lines of credit.

**NOTE 6 -- FEDERAL GRANTS/CONTRACTS**

The Corporation has a contract to provide residential treatment services as a pass-through from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse. For its services, the Corporation received \$158,553 and \$312,039 for the years ended December 31, 2020 and 2019, respectively.

The Corporation was awarded grants by HUD to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homeless, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. For the years ended December 31, 2020 and 2019, the Corporation received \$78,644 and \$301,954, respectively.

The Corporation distributes food each week to needy individuals that qualify under the Emergency Food Assistance Program of the United States Department of Agriculture. The food that is received from the Northeast Louisiana Food bank, Inc. is comprised of commodities donated by the Louisiana Department of Agriculture and Forestry's Food Bank program and other local donors. The value of these commodities received was \$391,179 and \$349,394, for the years ended December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the federal portion of commodities was valued at \$300,035 and \$212,754, respectively.

**NOTE 7 - DISCLOSURE AND CONCENTRATIONS**

The Corporation received a large portion of its revenue based on contracts with various federal, state, and local agencies. Therefore, a majority of its revenue and accounts receivable are derived from these sources and are contingent upon continued funding of such programs.

**NOTE 8 - RELATED-PARTY TRANSACTIONS**

Certain members of the Executive Director's family earned a total of \$26,174 and \$22,881 during the years ended December 31, 2020 and 2019, of which \$0 and \$0 was paid by federal grants, respectively. Services performed include lawn care, repairs and maintenance, physical education, and charitable gaming.

RAYS OF SONSHINE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 8 - RELATED-PARTY TRANSACTIONS (continued)**

Additionally, Daniel Printing, an entity owned by Executive Director's husband, was paid \$685 and \$1,756 during the years ended December 31, 2020 and 2019, and was due \$0 and \$0 at December 31, 2020 and 2019, respectively, for printing services provided to the Corporation.

**NOTE 9 - COVID-19**

In March 2020, the United States Government and citizens had begun responding to the Coronavirus Pandemic (COVID-19). As part of this response, the State of Louisiana had issued a stay-at-home order for the citizens, which had also called for nonessential businesses to temporarily halt operations. The determination of what impact the stay-at-home and other health safety measures will have on the economy and the revenues that the Corporation traditionally have collected is unknown. Additionally, the Corporation provides service to clients, in which due to the stay-at-home order could impact client participation. Early signs indicate that contributions and client participation, at least in the short run, will have a material unfavorable impact to the Corporation. However, because of the unknown ramifications of COVID-19, the exact financial impact to the Corporation cannot be determine at this point. Accordingly, these financial statements do not include any adjustment for the downward trend in the contributions nor any other unfavorable revenue decline.

**NOTE 10 - FORGIVABLE LOAN RECEIVED UNDER THE PAYCHECK PROTECTION PROGRAM**

In April 2020, Rays of Sonshine received loan proceeds of \$114,000 under the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid Relief and Economic Security (CARES) Act, which was enacted March 27, 2020 by Congress. The loan and accrued interest is forgivable as long as Rays of Sonshine used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The unforgivable portion of the PPP loan is payable over two year commencing in 2021 at an interest rate of 1% with a deferral of payments for the first six months. Rays of Sonshine used the entire loan amount for qualifying expenses. The loan was fully forgiven in December 2020 by the Small Business Administration.

## SUPPLEMENTARY INFORMATION

RAYS OF SONSHINE  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO AGENCY HEAD

YEAR ENDED DECEMBER 31, 2020

Agency Head: Lynn Daniel, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 66,919
Benefits - Social Security and Medicare	5,119

Only amounts paid with public funds were included on this schedule.

See Independent Auditor's Report.

OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND THE UNIFORM GUIDANCE





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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors and Management  
Rays of Sonshine  
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the U.S. of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the U.S., the financial statements Rays of Sonshine (a nonprofit corporation), which are comprised of 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 March 16, 2022.

**Internal Control over Financial Reporting**

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rays of Sonshine'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings as item 2020-01.

### 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 Rays of Sonshine's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rays of Sonshine's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Silas Simmons, CPA".

Natchez, Mississippi  
March 16, 2022

## SCHEDULE OF FINDINGS



**RAYS OF SONSHINE**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

- |    |  |            |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements:                                 | Unmodified |
| 2. | Internal control over financial reporting:   |            |
|    | a. Material weakness(es) identified?   | No         |
|    | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No         |
| 3. | Material noncompliance relating to the financial statements?                                 | No         |

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**Current Year Findings -**

2020-01      **Late Filing of Audit Report (Compliance)**

**Condition:** The audited financial statements were not submitted to the Louisiana Legislative Auditor by the statutory due date of June 30, 2021.

**Criteria:** To be in good standing with the State of Louisiana, the audited financial statements must be submitted to the Louisiana Legislative Auditor by June 30, 2021.

**Cause:** The financial statements were due on June 30, 2021. The entity received an extension until March 31, 2022. The audit was completed before March 31, 2022, however due to error, the financial statements were not uploaded to the Louisiana Legislative Auditor's Local Government Reporting System before March 31, 2022.

**Effect:** The Rays of Sonshine is on the noncompliance list with the State of Louisiana.

**Recommendation:** We recommend Rays of Sonshine and the auditor ensure the report is uploaded before the statutory due date in future years.

**Corrective Action Taken:** Rays of Sonshine and the auditor have set reminders to prevent the late filing of the audit report in subsequent years.

**Contact Person:** Lynn Daniel, Executive Director

**Status of Prior Year Findings -**

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action /Partial Corrective Action Taken
2019-001	12/31/19	Controls over Disbursements	Yes	Corrected during 2020