

**CHEZ HOPE, INC.**

Financial Statements

Year Ended June 30, 2018

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-13
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	18-19
Independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	20-21
Schedule of findings and questioned costs	22-23
Summary schedule of prior audit findings	Appendix A
Corrective action plan for current audit findings	Appendix B

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chez Hope, Inc. as of June 30, 2018, 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***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of Chez Hope, Inc.'s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on pages 15-16 is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of Chez Hope, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chez Hope, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 28, 2018

## **FINANCIAL STATEMENTS**

CHEZ HOPE, INC.

Statement of Financial Position  
June 30, 2018

ASSETS

Current assets	
Cash	\$ 37,830
Grants receivable	207,729
Prepaid expenses	<u>13,402</u>
Total current assets	<u>258,961</u>
Capital assets	
Land	51,500
Other depreciable, net of accumulated depreciation	<u>654,100</u>
Total capital assets	<u>705,600</u>
Total assets	<u>\$ 964,561</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Demand note payable	\$ 136,895
Current portion of notes payable	16,974
Accounts payable	12,000
Accrued expenses	33,218
Deferred revenue	<u>11,715</u>
Total current liabilities	210,802
Long-term liabilities	
Notes payable, net of current portion	<u>339,503</u>
Total liabilities	<u>550,305</u>
Net assets	
Temporarily restricted	705,600
Unrestricted (deficit)	<u>(291,344)</u>
Total net assets	<u>414,256</u>
Total liabilities and net assets	<u>\$ 964,561</u>

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

CHEZ HOPE, INC.  
Statement of Activities  
Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Increases in net assets			
Support			
Federal and state financial assistance			
Department of Children and Family Services	\$ -	\$ 490,663	\$ 490,663
Louisiana Commission on Law Enforcement -			
KKIDDS	-	150,081	150,081
VAWA	-	36,359	36,359
VOCA	-	372,390	372,390
Local and private assistance			
United Way	30,712	-	30,712
Donations	20,037	-	20,037
In-kind donations	19,570	-	19,570
FFL Flood Response Grant	-	6,984	6,984
Department of Children and Family Services - Marriage Licenses	-	4,636	4,636
St. Mary Parish Government	-	32,759	32,759
Louisiana Bar Foundation - IOLTA	-	68,400	68,400
Louisiana Bar Foundation	-	2,558	2,558
Total support	<u>70,319</u>	<u>1,164,830</u>	<u>1,235,149</u>
Revenues			
Batterer fees	31,965	-	31,965
Other	34,052	-	34,052
Fundraising	<u>24,815</u>	<u>-</u>	<u>24,815</u>
Total revenue	<u>90,832</u>	<u>-</u>	<u>90,832</u>
Total support and revenue	161,151	1,164,830	1,325,981
Assets released from restrictions	<u>1,162,059</u>	<u>(1,162,059)</u>	<u>-</u>
Total increases in net assets	<u>1,323,210</u>	<u>2,771</u>	<u>1,325,981</u>
Decreases in unrestricted net assets			
Program services	1,177,392	-	1,177,392
Supporting services	123,201	-	123,201
Fundraising	<u>4,212</u>	<u>-</u>	<u>4,212</u>
Total decreases in net assets	<u>1,304,805</u>	<u>-</u>	<u>1,304,805</u>
Changes in net assets	18,405	2,771	21,176
Net assets (deficit), beginning	<u>(309,749)</u>	<u>702,829</u>	<u>393,080</u>
Net assets (deficit), ending	<u>\$(291,344)</u>	<u>\$ 705,600</u>	<u>\$ 414,256</u>

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

CHEZ HOPE, INC.

Statement of Functional Expenses  
Year Ended June 30, 2018

	Program Services	Support Services	Fundraising	Total
Automobile	\$ 23,065	\$ -	\$ -	\$ 23,065
Bank charges	-	197	-	197
Building and auto interest	-	21,046	-	21,046
Childrens' program	774	-	-	774
Contract labor	26,428	-	-	26,428
Depreciation expense	-	59,445	-	59,445
Dues and subscriptions	3,248	-	-	3,248
Equipment expense	4,741	-	-	4,741
Fundraising expenses	-	-	4,212	4,212
In-kind donations	19,570	-	-	19,570
Insurance	74,657	-	-	74,657
Line of credit interest and finance charges	-	11,913	-	11,913
Miscellaneous	-	6,878	-	6,878
Office supplies and expenses	36,123	-	-	36,123
Operating supplies	566	-	-	566
Penalties	-	1,222	-	1,222
Postage and delivery	3,089	-	-	3,089
Printing and reproduction	42,502	-	-	42,502
Professional fees	-	12,700	-	12,700
Rent	30,600	9,800	-	40,400
Repairs and maintenance	48,422	-	-	48,422
Salaries	711,400	-	-	711,400
Security	1,199	-	-	1,199
Shelter supplies	10,696	-	-	10,696
Taxes - payroll	59,833	-	-	59,833
Telephone	24,926	-	-	24,926
Travel and entertainment	3,746	-	-	3,746
Utilities	49,430	-	-	49,430
Victim assistance	2,377	-	-	2,377
	<u>\$ 1,177,392</u>	<u>\$ 123,201</u>	<u>\$ 4,212</u>	<u>\$ 1,304,805</u>

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

CHEZ HOPE, INC.

Statement of Cash Flows  
Year Ended June 30, 2018

Operating activities:	
Revenues collected	\$ 1,316,156
Payments for program services	(1,221,622)
Payments for support services	(42,710)
Payments for fundraising	(4,212)
Interest payments	<u>(21,046)</u>
Net cash provided by operating activities	<u>26,566</u>
Investing activities:	
Acquisition/construction of capital assets	<u>(62,216)</u>
Financing activities:	
Proceeds from long-term debt	326,478
Payments on long-term debt	(345,399)
Proceeds from short-term debt	136,895
Payments on short-term debt	<u>(99,999)</u>
Net cash provided by financing activities	<u>17,975</u>
Net change in cash	(17,675)
Cash, beginning of year	<u>55,505</u>
Cash, end of year	<u>\$ 37,830</u>
Reconciliation of net change in net assets to net cash provided by operating activities	
Change in net assets	\$ 21,176
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	59,445
(Increase) decrease in -	
Grants receivable	(9,825)
Prepaid expenses	3,314
Increase (decrease) in -	
Accounts payable	(65,638)
Accrued expenses	21,285
Deferred revenues	<u>(3,191)</u>
Total adjustments	<u>5,390</u>
Net cash provided by operating activities	<u>\$ 26,566</u>

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

CHEZ HOPE, INC.

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Nature of organization

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

B. Economic dependence

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

C. Significant accounting policies

Financial statement presentation

The financial statements are prepared on the accrual basis of accounting. The financial statements are prepared in accordance with *FASB Accounting Standards Codification 958-205, Presentation of Financial Statements*. *FASB Accounting Standards Codification 958-205, Presentation of Financial Statements* states that a complete set of financial statements for a non-profit organization includes (1) a statement of financial position, (2) a statement of activities, (3) a statement of cash flows, and (4) notes to the financial statements. In addition, voluntary health and welfare organizations are required to present a statement of functional expenses in a matrix format that reports expenses by both function and their natural classifications.

In accordance with *FASB Accounting Standards Codification, 958-210, Balance Sheet* a statement of financial position focuses on the organization as a whole and therefore, reports total assets, liabilities, and net assets by class (unrestricted, temporarily restricted, and permanently restricted).

Permanently restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of Chez Hope, Inc.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Unrestricted net assets represent those assets which are not subject to donor-imposed stipulations and, therefore, are assets the organization may use at its discretion.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

D. Support and expenses

All revenues and support are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

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

E. Allowance for doubtful accounts

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

F. Property and equipment

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

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

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

G. Compensated absences

Vacation and sick leave are recorded as expenses of the period in which earned. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 180 hours of prior unused vacation is payable upon retirement for all employees. At June 30, 2018, the accrued vacation leave amounted to \$18,922.

H. Donated services

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

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

I. Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking accounts on deposit in a local bank. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, all funds on deposit were fully insured by FDIC insurance coverage.

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

J. Income taxes

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

K. Advertising

Advertising costs are expensed as incurred. Advertising expense was \$0 in 2018.

(2) Accounting Estimates

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

(3) Grants Receivable

Grants receivable consisted of the following at June 30, 2018:

Louisiana Commission on Law Enforcement	
VOCA	\$ 42,655
VAWA	36,159
KKIDDS	15,408
Department of Children and Family Services	<u>113,507</u>
	<u>\$207,729</u>

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 51,500	\$ -	\$ -	\$ 51,500
Capital assets being depreciated				
Buildings and improvements	419,539	21,744	(5,990)	435,293
Office furniture and equipment	104,139	18,098	(2,478)	119,759
Vehicles	119,998	25,419	-	145,417
Leasehold improvements	<u>281,154</u>	<u>-</u>	<u>-</u>	<u>281,154</u>
	976,330	65,261	(8,468)	1,033,123
Accumulated depreciation	<u>(273,501)</u>	<u>(59,445)</u>	<u>5,423</u>	<u>(327,523)</u>
Property and equipment, net	<u>\$ 702,829</u>	<u>\$ 5,816</u>	<u>\$ (3,045)</u>	<u>\$ 705,600</u>

Depreciation expense totaling \$59,445 was recognized in the statement of activities for the year ended June 30, 2018.

(5) Demand Note Payable

Demand note payable consists of a revolving line of credit payable to First National Bank in the amount of \$150,000 with interest at 5.50% per annum payable monthly. The outstanding balance on the line of credit at June 30, 2018 is \$136,895.

(6) Short-Term Debt

Short-term debt, which is presented as a component of accrued expenses, is comprised of the following at June 30, 2018:

Payable to a financing company. Payable in monthly installments of \$2,350 bearing interest at 8.20% with final payment on November 5, 2018. Collateralized by unexpired premiums on insurance policies.

\$ 11,177

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(7) Long-Term Debt

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

Note payable to First National Bank bearing interest at 5.50% per annum, due in monthly installments of \$2,246, maturing in December 2037, secured by real property with a carrying amount of \$424,444	\$ 322,148
Note payable to Ally Bank bearing interest at 6.0% per annum, due in monthly installments, secured by vehicle with a carrying amount of \$14,185	12,734
Note payable to Ally Bank bearing interest at 5.65% per annum, due in monthly installments, secured by vehicle with a carrying amount of \$21,247	<u>21,595</u>
Total long-term debt	356,477
Less: current portion	<u>16,974</u>
Long-term debt, net of current portion	<u>\$ 339,503</u>

Principal maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 16,974
2020	17,956
2021	18,998
2022	16,024
2023	16,393
2024-2028	70,842
2029-2033	91,822
2034-2038	<u>107,468</u>
	<u>\$ 356,477</u>

(8) Contingencies

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

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(9) Subsequent Events

Management has evaluated subsequent events through December 28, 2018, the date which the financial statements were available for issue.

(10) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R. S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the Executive Director, Cherrise Picard, for the year ended June 30, 2018, are as follows:

Annual salary	\$ 85,000
Benefits - Insurance	4,813
Reimbursements	<u>392</u>
Total	<u>\$ 90,205</u>

(11) New Accounting Pronouncements

In August 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the stated purpose of improving financial reporting by not-for-profit entities (NFP). Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirement to prepare a reconciliation in the statement of cash flows when applying the direct method. The provisions of ASU 2016-14 must be implemented for fiscal years beginning after December 15, 2017. The effect of implementation on Chez Hope, Inc.'s financial statements has not been determined.

**SUPPLEMENTARY INFORMATION**

CHEZ HOPE, INC.

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through/ Entity Identifying Number	Provided to Subrecipients	Expenditures
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through Louisiana Commission on Law Enforcement				
Crime Victim Assistance	16.575			
Domestic Violence Program (St Mary) 4		2016-VA-02-3783	-	152,210
Domestic Violence Program (Iberia) 4		2016-VA-02-3888	-	112,539
Domestic Violence Program (St. Martin) 4		2016-VA-02-3894	-	107,641
Victim Assistance Program (St. Mary) (KKIDSS) 4		2016-VA-03/04-3896	-	85,926
Victim Assistance Program (Iberia) (KKIDSS) 4		2016-VA-03/04-3898	-	64,155
Total Crime Victim Assistance Programs			-	<u>522,471</u>
Violence Against Women Formula Grants	16.588			
Domestic Violence Program		2016-WF-03-3616	-	28,961
Domestic Violence Program		2017-WF-03-4187	-	7,398
Total Violence Against Women Formula Grants			-	<u>36,359</u>
Total United States Department of Justice			-	<u>558,830</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Louisiana Department of Children and Family Services				
Family Violence Prevention Services State Grant	93.671			
Family Violence Prevention Services Program		2017-2018	-	490,663
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,049,493</u>

CHEZ HOPE, INC.

Notes to Schedule of Expenditures of Federal Awards

(1) Summary of Significant Accounting Policies

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

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

(2) Relationship to Financial Statements

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

Statement of Activities-

Federal and state financial assistance	
Department of Children and Family Services	\$ 490,663
Louisiana Commission on Law Enforcement -	
KKIDDS	150,081
VAWA	36,359
VOCA	<u>372,390</u>
Total federal and state financial assistance	<u>\$ 1,049,493</u>

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, 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  
Chez Hope, Inc.  
Franklin, Louisiana

We have audited, in accordance with the audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2018.

### Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described as item 2018-001 in the accompanying schedule of findings and questioned costs.

## **Compliance and Other Matters**

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

### **Chez Hope, Inc.'s Response to Finding**

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

### **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 28, 2018

# KOLDER, SLAVEN & COMPANY, LLC

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

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

### Report on Compliance for Each Major Federal Program

We have audited the compliance of Chez Hope, Inc. with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Chez Hope Inc.'s major federal programs for the year ended June 30, 2018. Chez Hope, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Chez Hope Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chez Hope's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Chez Hope, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Chez Hope, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control over Compliance**

Management of Chez Hope, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chez Hope, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chez Hope's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 28, 2018

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018

Part I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

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

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

Other

9. Management letter issued? \_\_\_\_\_ ✓ yes \_\_\_\_\_ no

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs (continued)  
Year Ended June 30, 2018

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

2018-001 Inadequate Segregation of Duties

Fiscal year finding initially occurred: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal Control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Chez Hope, Inc.'s internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.

CAUSE: The cause of the conditions is the failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

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

Part III: Findings and Questioned Costs for Federal Awards

None reported.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**APPENDIX A**



Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2018

Findings reported in accordance with *Government Auditing Standards*:

Internal Control –

2017-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CURRENT STATUS: This finding has not been corrected.

Compliance –

None

Findings for federal awards defined in the Uniform Guidance -

None

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**CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS**

**APPENDIX B**

Chez Hope, Inc.  
Family Violence Crisis Center  
and Sami's House



December 20, 2018

Kolder, Slaven & Company, LLC  
1234 David Drive Ste 203  
Morgan City, LA 70380

Dear Gerald,

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

2018-001 Inadequate Segregation of Duties

Accounting and financial functions are not adequately segregated.

**Management's Response**

Chez Hope, Inc.'s board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed its benefits. However, management has worked to segregate duties and functions as much as possible without exposing sensitive information.

Sincerely,

Cherrise Picard, Executive Director

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## MANAGEMENT LETTER

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

We have audited the financial statements of Chez Hope, Inc. as of and for the year ended June 30, 2018 and have issued our report thereon dated December 28, 2018.

In planning and performing our audit of the financial statements of the Chez Hope, Inc., in accordance with auditing standards generally accepted in the United States of America, we considered Chez Hope, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Chez Hope, Inc.'s internal control or on its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. Accordingly, we do not express an opinion on the effectiveness of Chez Hope, Inc.'s internal control or on compliance.

During our audit we noted a certain matter involving internal control or compliance that is summarized below for your consideration. This comment and the related recommendation is intended to improve Chez Hope, Inc.'s internal control and/or its compliance with laws, regulations, contracts, and grant agreements and other matters. Our comment is not intended to reflect upon the ability or integrity of Chez Hope, Inc.'s personnel.

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

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

Therefore, we recommend that Chez Hope, Inc. implement written policies and procedures as required by Uniform Guidance.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not identify all weaknesses in policies and procedures or incidents of noncompliance that may exist. We aim, however, to use our knowledge of Chez Hope, Inc.'s operations gained during our work to make comments and suggestions that we hope will be useful to you.

This report is intended solely for the information and use of Chez Hope, Inc.'s management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Chez Hope, Inc.  
Management Letter

We would like to express our appreciation to you and your staff for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need additional assistance, please feel free to contact us.

***KOLDER, SLAVEN & COMPANY, LLC***  
Certified Public Accountants

Chez Hope, Inc.  
Family Violence Crisis Center  
and Sami's House



December 20, 2018

Kolder, Slaven & Company, LLC  
1234 David Drive Ste 203  
Morgan City, LA 70380

RE: Management Letter

Dear Gerald,

The following is in response to the Management Letter comment of Chez Hope, Inc.'s audit for the fiscal year ended June 30, 2018:

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

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

**Management's Response**

Management will develop written policies and procedures in accordance with Uniform Guidance.

Sincerely,

  
Cherrise Picard, Executive Director

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**CHEZ HOPE, INC.**

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2017 through June 30, 2018

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

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

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by Chez Hope, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. Chez Hope, Inc.'s management is responsible for those control and compliance areas identified in the SAUPs.

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 exceptions are as follows:

### *Written Policies and Procedures*

---

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Chez Hope, Inc. uses debit cards and fuel cards. Written policies and procedures related to debit cards and fuel cards were not provided.*

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

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

- h) **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.

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

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

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

### ***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent documents.

*Obtained and reviewed the minutes of the managing board for the fiscal period noting that the board met in accordance with the by-laws of Chez Hope.*

- b) 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 Chez Hope, Inc.'s collections during the fiscal period.

*Minutes included references to financial activity relating to public funds.*

- c) 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.

*Not applicable—Chez Hope, Inc. is a non-governmental entity.*

### ***Bank Reconciliations***

---

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

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

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

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

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

*Reconciliation did not include evidence of review by a member of management.*

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

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

### ***Collections***

---

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

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

*Cash drawer/register is not shared.*

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

*Employee responsible for collecting cash is responsible for preparing/making bank deposits and for reconciling collection documentation to the deposit.*

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

*Employee responsible for collecting cash is responsible for posting collection entries to the general ledger and responsible for reconciling ledger postings to each other and to the deposit.*

- d) The employees 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.

*The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash.*

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

*The individual responsible for collecting cash is not covered by a bond or insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" (adapted in #8 above) above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit date 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:

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

*Chez Hope, Inc. does not use a receipt system.*

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

*Traced collection documentation to the deposit slip.*

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

*Deposit slip total was traced to the actual deposit per the bank statement for each transaction tested.*

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

*Observed that one (1) deposit tested was made in two (2) business days of receipt.*

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

*Actual deposit per the bank statement traced to the general ledger for all transactions tested.*

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

***This AUP category was covered under federal program testing during Chez Hope Inc.'s Single Audit for the fiscal year ended June 30, 2018. Therefore, this category was excluded from testing during AUP procedures.***

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

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

***This AUP category was covered under federal program testing during Chez Hope Inc.'s Single Audit for the fiscal year ended June 30, 2018. Therefore, this category was excluded from testing during AUP procedures.***

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

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

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

***This AUP category was covered under federal program testing during Chez Hope Inc.'s Single Audit for the fiscal year ended June 30, 2018. Therefore, this category was excluded from testing during AUP procedures.***

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

***Contracts***

***This AUP category was covered under federal program testing during Chez Hope Inc.'s Single Audit for the fiscal year ended June 30, 2018. Therefore, this category was excluded from testing during AUP procedures.***

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

***This AUP category was covered under federal program testing during Chez Hope Inc.'s Single Audit for the fiscal year ended June 30, 2018. Therefore, this category was excluded from testing during AUP procedures.***

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

### ***Ethics***

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

*Chez Hope is a non-profit entity not subject to the Louisiana Code of Ethics.*

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Not applicable.*

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Not applicable.*

### ***Debt Service (excluding nonprofits)***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Chez Hope is a non-profit entity; therefore, this section is not applicable.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Chez Hope is a non-profit entity; therefore, this section is not applicable.*

### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that Chez Hope, Inc. reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management asserted that there were no misappropriation of public funds or assets during the fiscal period.*

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

*Observed that notice required by R.S. 24:523.1 was posted on both the entity's premises and website.*

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

**MANAGEMENT'S RESPONSES TO EXCEPTIONS**

**APPENDIX A**

Chez Hope, Inc.  
Family Violence Crisis Center



12/17/2018

Kolder, Slaven & Company, LLC  
1234 David Drive Ste 203  
Morgan City, LA 70380

RE: Agreed Upon Procedures

Dear Gerald,

I have read the Statewide Agreed Upon Procedures Report and the summary of exceptions. Here are my responses to exceptions noted:

**Policies and Procedures**

Exception Noted:

Chez Hope, Inc.'s written policies and procedures for purchasing does not include (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.

Management's Response:

Chez Hope, Inc.'s written policies and procedures for purchasing will be adapted to include all items noted, except for procedures related to purchase requisitions and purchase orders. Given the relatively small size of Chez Hope, Inc.'s office, the initiation and processing of purchase requisitions and/or purchase orders would be inefficient and not effective. Written policies and procedures conclude that all nonroutine purchases require prior approval from the Executive Director.

Exceptions Noted:

Chez Hope, Inc.'s written policies and procedures for disbursements does not specifically address processing, reviewing, and approving of disbursements.

Chez Hope, Inc. does not have written policies and procedures related to receipts/collections. Written policies and procedures should address receiving, recording, and preparing deposits. Policies and procedures should also include management's actions to determine the completeness of all collections for each type of revenue.

Written policies and procedures related to contracting should address the following: (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process. Chez Hope, Inc.'s written policies and procedures for contracts does not fully address these functions.

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

New Iberia, LA  
(337)560-0090

Jeanerette, LA  
(337)380-4646

St. Martinville, LA  
(337)242-6100

Napoleonville, LA  
(985)513-2777

State Crisis Line  
1-888-411-1333

[chezhope.org](http://chezhope.org)



Chez Hope, Inc. does not have written policies and procedures related to debit cards and fuel cards. Written policies and procedures should address (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

Management's Response:

Written policies and procedures to be adopted to include items noted.

### **Bank Reconciliations**

Exception Noted:

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

Management's Response:

A member of management or a board member who does not handle cash, post ledgers, or issue checks will review and approve bank reconciliations in the future.

### **Cash Collections**

Exceptions Noted:

Employee responsible for collecting cash is responsible for preparing/making bank deposits and for reconciling collection documentation to the deposit.

Employee responsible for collecting cash is responsible for posting collection entries to the general ledger and responsible for reconciling ledger postings to each other and to the deposit.

Employee responsible for collecting cash is responsible for posting collection entries to the general ledger and responsible for reconciling ledger postings to each other and to the deposit.

The employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash.

Management's Response:

Chez Hope, Inc.'s board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed its benefits.

Exception Noted:

The employee responsible for collecting cash is not covered by a bond or insurance policy for theft.

Management's Response:

Insurance coverage will be obtained related to employee theft coverage.

Exception Noted:

One deposit tested was not deposited within one business day of receipt, and the deposit was greater than \$100.

Management's Response:

Deposits will be made within one business day of receipt in the future.

Sincerely,



Cherrise Picard

Cherrise Picard, Executive Director