

RAYS OF SONSHINE

Audited Financial Statements  
For the Years Ended December 31, 2017 and 2016

RAYS OF SONSHINE

For the Years Ended December 31, 2017 and 2016

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**Little & Assoc.**  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of  
Rays of Sonshine  
Monroe, LA 71201

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

We have audited the accompanying financial statements of Rays of Sonshine (a nonprofit Corporation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Corporation'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 Corporation'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 Rays of Sonshine as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules, the Schedule of Expenditures of Federal Awards on page 27, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer on page 29, as required by the Louisiana Legislative Auditor, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 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.

*Little & Associates, LLC*

Monroe, Louisiana

June 27, 2018

## FINANCIAL STATEMENTS

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2017		
	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 160,903	\$ 13,665	\$ 174,568
Accounts Receivable			
Federal	26,422	-	26,422
Services	63,145	-	63,145
United Way	2,383	12,725	15,108
Other	23,134	-	23,134
Land, Building and Equipment - Note 3	3,949,533	-	3,949,533
Accumulated Depreciation - Note 3	(1,036,455)	-	(1,036,455)
Prepaid Expenses	39,815	-	39,815
Deposits	8,033	-	8,033
Total Assets	<u>\$ 3,236,913</u>	<u>\$ 26,390</u>	<u>\$ 3,263,303</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 35,625	\$ -	\$ 35,625
Deferred Revenue	84	-	84
Accrued Payroll and Payroll Taxes	19,508	-	19,508
Rental Deposits	12,100	-	12,100
Received from Residents	15,872	-	15,872
Notes Payable - Note 4 and Note 5	1,690,400	-	1,690,400
Accrued Interest Payable	2,361	-	2,361
Total Liabilities	<u>1,775,950</u>	<u>-</u>	<u>1,775,950</u>
<b>Net Assets - Note 2 (G)</b>			
Unrestricted	1,460,963	-	1,460,963
Temporarily Restricted	-	26,390	26,390
Total Net Assets	<u>1,460,963</u>	<u>26,390</u>	<u>1,487,353</u>
Total Liabilities and Net Assets	<u>\$ 3,236,913</u>	<u>\$ 26,390</u>	<u>\$ 3,263,303</u>

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

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 119,072	\$ 3,800	\$ 122,872
Accounts Receivable			
Federal	17,379	-	17,379
Services	49,624	-	49,624
United Way	-	12,500	12,500
Other	1,736	-	1,736
Land, Building and Equipment - Note 3	3,871,028	-	3,871,028
Accumulated Depreciation - Note 3	(900,695)	-	(900,695)
Prepaid Expenses	24,190	-	24,190
Deposits	8,371	-	8,371
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 3,190,705</u>	<u>\$ 16,300</u>	<u>\$ 3,207,005</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 36,844	\$ -	\$ 36,844
Deferred Revenue	159	-	159
Accrued Payroll and Payroll Taxes	13,539	-	13,539
Rental Deposits	10,943	-	10,943
Received from Residents	6,441	-	6,441
Notes Payable - Note 4 and Note 5	1,691,910	-	1,691,910
Total Liabilities	<u>1,759,836</u>	<u>-</u>	<u>1,759,836</u>
<b>Net Assets - Note 2 (G)</b>			
Unrestricted	1,430,869	-	1,430,869
Temporarily Restricted	-	16,300	16,300
Total Net Assets	<u>1,430,869</u>	<u>16,300</u>	<u>1,447,169</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Assets	<u>\$ 3,190,705</u>	<u>\$ 16,300</u>	<u>\$ 3,207,005</u>

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

RAYS OF SONSHINE

Statements of Activities  
For the Years Ended

	December 31, 2017		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Federal			
Supportive Housing Program - Note 6	\$ 356,048	\$ -	\$ 356,048
Emergency Food Assistance Program - Noncash - Note 6	42,330	-	42,330
LISC	511	-	511
EFSP Grant Revenue	5,000	-	5,000
Federal - Payments for Services - Note 6			
Block Grant	337,822	-	337,822
Access to Recovery	5,230	-	5,230
Emergency Food Assistance - Nonfederal - Note 6	290,800	-	290,800
Contributions	100,222	-	100,222
United Way Allocation	22,890	12,725	35,615
Program Service Fees	216,892	-	216,892
Charitable Gaming	147,415	-	147,415
Rental Revenue	108,414	-	108,414
Forgiveness of Debt	74,231	-	74,231
Other Revenue	59,358	-	59,358
Total	<u>1,767,163</u>	<u>12,725</u>	<u>1,779,888</u>
Net Assets Released from Restriction	2,635	(2,635)	-
Total Support and Revenue	<u>1,769,798</u>	<u>10,090</u>	<u>1,779,888</u>
<b>Expenses</b>			
Program Services			
Manna Pantry	376,026	-	376,026
R.E.A.P.	156,007	-	156,007
Women's Residence	142,313	-	142,313
The Kitchen	38,806	-	38,806
Sonshine Community of Hope	118,569	-	118,569
Transitional Housing 1	3,344	-	3,344
Transitional Housing 2	88,397	-	88,397
Breard Apartments (HUD)	193,175	-	193,175
Mothers With Children	197,604	-	197,604
Atkins Quarters	3,235	-	3,235
Sonshine House II	53,480	-	53,480
Clinic Apartments	2,921	-	2,921
Breard Cottage (2HS)	70	-	70
Sonshine Rental Assistance - HUD 3 (2HS)	150,505	-	150,505
Total Program Services	<u>1,524,452</u>	<u>-</u>	<u>1,524,452</u>
Support Services			
Charitable Gaming	144,300	-	144,300
Management and General	70,952	-	70,952
Total Support Services	<u>215,252</u>	<u>-</u>	<u>215,252</u>
Total Expenses	<u>1,739,704</u>	<u>-</u>	<u>1,739,704</u>
Increase (Decrease) in Net Assets	30,094	10,090	40,184
Net Assets at Beginning of Year	<u>1,430,869</u>	<u>16,300</u>	<u>1,447,169</u>
Net Assets at End of Year	<u>\$ 1,460,963</u>	<u>\$ 26,390</u>	<u>\$ 1,487,353</u>

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

RAYS OF SONSHINE

Statements of Activities  
For the Years Ended

	December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Federal			
Supportive Housing Program - Note 6	\$ 201,339	-	\$ 201,339
Emergency Food Assistance Program - Noncash - Note 6	32,981	-	32,981
Federal - Payments for Services - Note 6			
Block Grant	381,847	-	381,847
Access to Recovery	32,830	-	32,830
Emergency Food Assistance - Nonfederal - Note 6	210,342	-	210,342
Contributions	90,272	1,200	91,472
United Way Allocation	15,374	12,500	27,874
Program Service Fees	44,127	-	44,127
Charitable Gaming	148,812	-	148,812
Rental Revenue	111,060	-	111,060
Forgiveness of Debt	74,230	-	74,230
Other Revenue	51,230	-	51,230
Total	<u>1,394,444</u>	<u>13,700</u>	<u>1,408,144</u>
Net Assets Released from Restriction	13,824	(13,824)	-
Total Support and Revenue	<u>1,408,268</u>	<u>(124)</u>	<u>1,408,144</u>
<b>Expenses</b>			
Program Services			
Manna Pantry	280,323	-	280,323
R.E.A.P.	69,360	-	69,360
Women's Residence	123,748	-	123,748
The Kitchen	33,519	-	33,519
Sonshine Community of Hope	134,721	-	134,721
Transitional Housing 1	2,787	-	2,787
Transitional Housing 2	80,215	-	80,215
Breard Apartments (HUD)	189,835	-	189,835
Mothers With Children	198,554	-	198,554
Atkins Quarters	1,662	-	1,662
Sonshine House II	57,371	-	57,371
Clinic Apartments	2,112	-	2,112
Sonshine Rental Assistance - HUD 3 (2HS)	5,823	-	5,823
Total Program Services	<u>1,180,030</u>	<u>-</u>	<u>1,180,030</u>
Support Services			
Charitable Gaming	152,588	-	152,588
Management and General	106,143	-	106,143
Total Support Services	<u>258,731</u>	<u>-</u>	<u>258,731</u>
Total Expenses	<u>1,438,761</u>	<u>-</u>	<u>1,438,761</u>
Increase (Decrease) in Net Assets	(30,493)	(124)	(30,617)
Net Assets at Beginning of Year	<u>1,461,362</u>	<u>16,424</u>	<u>1,477,786</u>
Net Assets at End of Year	<u>\$ 1,430,869</u>	<u>\$ 16,300</u>	<u>\$ 1,447,169</u>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2017

	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ 600	\$ 188	\$ 1,852	\$ -	\$ -	\$ -	\$ 806	\$ 580	\$ 2,611
Automobile	310	7,007	5,489	-	499	-	6,945	7,168	5,489
Bad Debts	-	-	-	-	1,726	-	-	-	-
Bank Service Charge	-	3,739	-	-	3	-	-	168	-
Contract Services	224	12,335	-	-	480	-	-	-	-
Depreciation and Amortization	16,992	3,556	1,652	-	58,127	57	231	7,107	8,352
Dues and Subscriptions	-	5,451	-	-	-	-	462	923	-
Equipment (<\$1,000)	-	138	98	-	-	-	275	2,099	98
Insurance	1,662	2,122	4,181	-	5,815	909	2,522	3,635	3,923
Interest Expense	-	12,306	6,304	-	12,918	-	-	9,459	6,306
Licenses and Permits	-	3,816	818	-	250	-	356	151	818
Meals	-	1,015	-	-	-	-	-	-	-
Miscellaneous	-	(47)	-	-	-	-	-	-	-
Office Expenses	-	387	-	-	195	-	-	-	-
Printing	-	2,821	-	-	47	-	-	-	-
Postage	-	1,488	-	-	-	-	28	23	-
Professional Fees	-	11,085	60	-	2,115	-	3,090	10,042	60
Program Expense	-	1,247	1,687	-	-	-	3,583	4,132	941
Repairs and Maintenance	5,451	16,358	8,765	-	9,320	1,069	4,173	13,650	10,512
Rent	-	-	-	-	-	-	-	-	-
Rental Assistance	-	-	-	-	-	-	-	-	-
Salaries and Benefits	8,326	30,313	84,102	-	23,883	-	50,989	100,792	123,343
Security Deposit	-	-	-	-	-	-	-	-	-
Software Services	-	3,108	474	-	80	-	645	1,041	474
Supplies - Food	333,130	439	-	38,806	-	-	194	1,621	167
Supplies	692	22,110	930	-	160	-	813	2,972	3,276
Taxes	614	1,970	7,384	-	2,082	-	4,354	8,523	10,528
Telephone	-	7,395	4,567	-	-	-	986	986	4,178
Training	-	2,668	-	-	-	-	-	-	-
Travel and Entertainment	-	1,182	-	-	-	-	-	-	-
Utilities	8,025	1,810	13,950	-	869	1,309	7,945	18,103	16,528
<b>Total Expenses</b>	<b>\$ 376,026</b>	<b>\$ 156,007</b>	<b>\$ 142,313</b>	<b>\$ 38,806</b>	<b>\$ 118,569</b>	<b>\$ 3,344</b>	<b>\$ 88,397</b>	<b>\$ 193,175</b>	<b>\$ 197,604</b>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2017

	Program Services					Supporting Services			Total
	Atkins Quarters	Sonshine House II	Clinic Apartments	Breard Cottage (2HS)	Sonshine Rental Assistance HUD 3 (2HS)	Total Program Services	Charitable Gaming	Management and General	
Alarm System	\$ -	\$ 780	\$ -	\$ -	\$ -	\$ 7,417	\$ -	\$ -	\$ 7,417
Automobile	-	-	-	-	1,262	34,169	-	-	34,169
Bad Debts	-	-	-	-	-	1,726	-	-	1,726
Bank Service Charge	-	180	-	-	-	4,090	14	1,286	5,390
Contract Services	-	-	-	-	-	13,039	-	-	13,039
Depreciation and Amortization	-	17,449	-	-	-	113,523	-	22,237	135,760
Dues and Subscriptions	-	-	-	-	462	7,298	-	390	7,688
Equipment (<\$1,000)	1,600	-	-	-	743	5,051	-	-	5,051
Insurance	-	706	-	-	(186)	25,289	816	101	26,206
Interest Expense	-	9,459	-	-	-	56,752	-	6,306	63,058
Licenses and Permits	-	-	-	-	301	6,510	-	94	6,604
Meals	-	-	-	-	-	1,015	-	-	1,015
Miscellaneous	-	15	-	-	-	(32)	-	253	221
Office Expenses	-	-	-	-	-	582	-	250	832
Printing	-	-	-	-	150	3,018	-	-	3,018
Postage	-	-	-	-	-	1,539	-	-	1,539
Professional Fees	-	550	-	-	3,179	30,181	322	-	30,503
Program Expense	-	-	-	-	16,393	27,983	200	115	28,298
Repairs and Maintenance	200	5,213	489	70	744	76,014	-	9,735	85,749
Rent	-	-	-	-	-	-	58,577	-	58,577
Rental Assistance	-	-	-	-	70,828	70,828	-	-	70,828
Salaries and Benefits	-	7,384	-	-	28,318	457,450	17,577	23,593	498,620
Security Deposit	-	-	-	-	12,977	12,977	-	-	12,977
Software Services	-	-	-	-	973	6,795	-	-	6,795
Supplies - Food	-	-	-	-	166	374,523	-	-	374,523
Supplies	1,240	-	493	-	3,834	36,520	65,246	297	102,063
Taxes	-	588	-	-	2,389	38,432	1,548	2,219	42,199
Telephone	-	-	-	-	309	18,421	-	3,909	22,330
Training	30	-	-	-	-	2,698	-	134	2,832
Travel and Entertainment	165	-	-	-	-	1,347	-	33	1,380
Utilities	-	11,156	1,939	-	7,663	89,297	-	-	89,297
<b>Total Expenses</b>	<b>\$ 3,235</b>	<b>\$ 53,480</b>	<b>\$ 2,921</b>	<b>\$ 70</b>	<b>\$ 150,505</b>	<b>\$ 1,524,452</b>	<b>\$ 144,300</b>	<b>\$ 70,952</b>	<b>\$ 1,739,704</b>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2016

	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Breard Apartments (HUD)	Mothers With Children
Automobile	\$ 161	\$ 6,294	\$ 3,568	\$ -	\$ 911	\$ -	\$ 6,027	\$ 5,799	\$ 3,568
Bad Debts	-	-	-	-	424	-	-	317	-
Bank Service Charge	-	49	-	-	5	-	-	112	160
Contract Services	-	13,166	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	(337)	997	-
Depreciation and Amortization	13,543	1,741	1,244	-	57,337	28	113	6,680	7,572
Dues and Subscriptions	-	2,106	-	-	-	-	923	923	-
Equipment (<\$1,000)	110	2,121	563	-	354	-	546	2,583	871
Fundraising Fees	-	-	-	-	-	-	-	-	-
Insurance	2,222	(460)	7,712	-	21,630	2,068	2,077	3,500	4,658
Interest Expense	-	4,336	4,336	-	13,005	-	-	6,503	4,336
Licenses and Permits	-	970	473	-	-	-	-	75	473
Marketing and Publicity	-	-	-	-	15	-	-	-	-
Meals	-	299	-	-	-	-	-	-	-
Miscellaneous	-	2,241	-	-	-	-	-	-	-
Office Expenses	288	92	-	-	-	-	-	-	11
Printing	-	834	-	-	227	-	-	324	-
Postage	-	3	-	-	42	-	-	-	-
Professional Fees	-	2,000	-	-	135	-	3,030	9,982	-
Program Expense	-	2,596	1,916	-	-	-	1,765	4,198	1,785
Repairs and Maintenance	5,372	7,285	7,130	-	10,860	304	3,594	10,963	10,326
Rent	-	-	-	-	-	-	-	-	-
Rental Assistance	-	-	-	-	-	-	-	-	-
Salaries and Benefits	6,797	671	73,737	-	26,299	-	48,976	105,329	133,979
Security Deposit	-	-	-	-	-	-	-	-	-
Software Services	-	874	-	-	-	-	-	472	-
Supplies - Food	243,323	856	-	33,519	-	-	289	627	-
Supplies	598	14,440	418	-	4	-	55	1,326	643
Taxes	76	1,134	6,287	-	2,034	-	4,055	9,113	9,876
Telephone	-	2,731	4,102	-	-	-	705	705	2,531
Training	-	781	-	-	1,076	-	(35)	-	-
Travel and Entertainment	-	421	-	-	-	-	-	-	-
Utilities	7,833	1,779	12,262	-	363	387	8,432	19,307	17,765
Total Expenses	<u>\$ 280,323</u>	<u>\$ 69,360</u>	<u>\$ 123,748</u>	<u>\$ 33,519</u>	<u>\$ 134,721</u>	<u>\$ 2,787</u>	<u>\$ 80,215</u>	<u>\$ 189,835</u>	<u>\$ 198,554</u>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2016

	Program Services				Supporting Services			
	Atkins Quarters	Sonshine House II	Clinic Apartments	Sonshine Rental Assistance HUD 3 (2HS)	Total Program Services	Charitable Gaming	Management and General	Total
Automobile	\$ -	\$ -	\$ -	\$ -	\$ 26,328	\$ -	\$ 356	\$ 26,684
Bad Debts	-	-	-	-	741	-	-	741
Bank Service Charge	-	195	-	-	521	160	1,566	2,247
Contract Services	-	-	-	-	13,166	-	-	13,166
Contributions	-	-	-	-	660	-	-	660
Depreciation and Amortization	-	17,216	-	-	105,474	-	21,160	126,634
Dues and Subscriptions	-	-	-	-	3,952	-	99	4,051
Equipment (<\$1,000)	-	483	-	665	8,296	-	81	8,377
Fundraising Fees	-	-	-	-	-	-	7,206	7,206
Insurance	-	1,589	-	-	44,996	930	3,463	49,389
Interest Expense	-	6,503	-	-	39,019	-	4,336	43,355
Licenses and Permits	-	-	-	105	2,096	-	2,199	4,295
Marketing and Publicity	-	-	-	-	15	-	-	15
Meals	-	-	-	-	299	-	725	1,024
Miscellaneous	-	-	-	-	2,241	5,459	88	7,788
Office Expenses	-	-	-	-	391	-	-	391
Printing	-	-	-	-	1,385	324	4,407	6,116
Postage	-	-	-	-	45	-	1,360	1,405
Professional Fees	-	-	-	-	15,147	4,339	8,418	27,904
Program Expense	-	-	-	-	12,260	275	277	12,812
Repairs and Maintenance	-	5,523	76	-	61,433	-	11,768	73,201
Rent	-	-	-	-	-	63,923	-	63,923
Rental Assistance	-	-	-	600	600	-	-	600
Salaries and Benefits	-	15,754	-	3,421	414,963	13,494	15,699	444,156
Security Deposit	-	-	-	300	300	-	-	300
Software Services	-	-	-	320	1,666	-	2,201	3,867
Supplies - Food	-	-	-	168	278,782	-	-	278,782
Supplies	1,662	10,108	-	-	29,254	62,136	7,325	98,715
Taxes	-	-	-	244	32,819	1,548	2,719	37,086
Telephone	-	-	-	-	10,774	-	8,140	18,914
Training	-	-	-	-	1,822	-	580	2,402
Travel and Entertainment	-	-	-	-	421	-	393	814
Utilities	-	-	2,036	-	70,164	-	1,577	71,741
<b>Total Expenses</b>	<b>\$ 1,662</b>	<b>\$ 57,371</b>	<b>\$ 2,112</b>	<b>\$ 5,823</b>	<b>\$ 1,180,030</b>	<b>\$ 152,588</b>	<b>\$ 106,143</b>	<b>\$ 1,438,761</b>

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

RAYS OF SONSHINE

Statements of Cash Flows  
For the Years Ended

	For the Years Ended December 31,	
	2017	2016
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 40,184	\$ (30,617)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	135,760	126,634
Forgiveness of Debt	(74,231)	(74,230)
Changes in Assets and Liabilities		
Accounts Receivable	(46,570)	(12,281)
Prepaid Expenses	(15,625)	70
Deposits	338	-
Accounts Payable	(1,220)	(199)
Deferred Revenue	(75)	153
Deposits Received on Rentals	10,588	(180)
Accrued Liabilities	5,969	1,108
Accrued Interest Payable	2,361	(3,687)
Total Adjustments	17,295	37,388
Net Cash Provided (Used) by Operating Activities	57,479	6,771
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(78,505)	(37,018)
Net Cash Provided (Used) by Investing Activities	(78,505)	(37,018)
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(677,593)	(731,100)
Proceeds from New Debt	750,315	707,624
Net Cash Provided (Used) by Financing Activities	72,722	(23,476)
Increase (Decrease) in Cash	51,696	(53,723)
Cash at beginning of Year	122,872	176,595
Cash at End of Year	\$ 174,568	\$ 122,872
Non-Cash Transactions are as follows		
Operating Activities		
Donations of Food from Food Bank	\$ 333,130	\$ 243,323
Disbursements of Food by the Zone	(333,130)	(243,323)
Total Operating Activities	-	-
Cash Paid for Interest	\$ 60,697	\$ 47,042

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

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2017 and 2016

#### Note 1 – Description of Corporation

Rays of Sonshine (the Corporation) was established during the year ended December 31, 1998 as a non-for-profit 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.

#### Note 2 – Summary of Significant Accounting Policies

##### *(A) Basis of Accounting and Financial Statement Presentation*

The financial statements 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) 958-205, the Corporation is required to report information regarding its financial activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

##### *(B) Contributions*

In accordance FASB ASC 958-205, “Not For Profit Entities-Revenue Recognition”, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence of donor-imposed restrictions. The Corporation has elected to recognize temporarily 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 ASC 958-205 have not been satisfied.

##### *(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.

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2017 and 2016

(E) *Fair Value Measurements*

Investments are reported at fair value in the Corporation's financial statements. Fair value represents the price that would be received upon sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into levels:

Level 1- quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2- observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3- unobservable inputs are used when little or no market is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

(F) *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:

	<u>Years</u>
Buildings and Improvements	30
Furniture and Equipment	10-30
Vehicles	3

(G) *Net Assets*

Unrestricted net assets 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 changes in unrestricted net assets.

Temporarily restricted net assets at December 31, 2017 and 2016 were \$26,390 and \$16,300, respectively.

At December 31, 2017 and 2016, the amount due from the United Way of Northeast Louisiana, Inc. was \$12,725 and \$12,500, contributions restricted for neighborhood clean-up activities per the Atkins Quarters Grant/Donations were \$11,165 and \$1,300 and contributions restricted for the Affordable Housing Donation-Van Trow were \$2,500 and \$2,500, respectively.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2017 and 2016

#### *(G) Net Assets (Continued)*

There were no permanently restricted net assets at December 31, 2017 and 2016.

#### *(H) 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 United States 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 provided by America's Second Harvest.

All other grants are based on cost reimbursement.

#### *(I) Functional Expenses*

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

#### *(J) 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.

R.E.A.P. (Overcomers) – This program provides classes to anyone in the community attempting to rebuild life and/or overcome destructive personal habits. Beginning in 2009, this program also encompasses The Mission which provides ministry services for those in crisis situations.

Women's Residence – This program provides shelter to women in crisis situations.

The Kitchen – This program is a food preparation program to provide meals for those individuals living in the Corporation's half-way houses. It includes the warehouse which houses the Manna Pantry, as well as some disaster assistance supplies for the United Way of Northeast Louisiana, Inc., Habitat for Humanity and Volunteers of America.

Breard Apartments and Transitional Housing 1 and 2 provide shelter to homeless women that are attending treatment at Rays of Sonshine. What in previous years had been referred to as Transitional Housing 3 is now denoted the Mother's With Children program. This program provides shelter to homeless women that have children and are attending treatment at the Corporation.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2017 and 2016

#### *(J) Programs (Continued)*

Sonshine Community of Hope is a program that will assist with the construction of new homes on adjudicated lands to be rented to low income individuals and subsidized by the U.S. Department of Housing and Urban Development.

Mother's With Children – This program provides shelter to homeless women that have children and are now attending treatment at Rays of Sonshine.

Atkins Quarters – This program provides funds for community development in one single neighborhood – Atkins Quarter.

Sonshine House II – This program provides 6 permanent apartment housing to low income individuals or families who qualify under HUD guidelines.

Sonshine Rental Assistance – This program provides housing assistance, childcare, security and utility deposits, and supplies to chronically homeless individuals.

Local Initiatives Support Corporation (LISC) – This program provides assistance in community development of various neighborhood projects. The Corporation received a one time payment during the year ended December 31, 2017.

Louisiana Children's Trust Fund – This program provides educational and support services for parents and teaches children personal safety and life skills.

#### *(K) 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 has adopted certain provisions of FASB ASC 740, *Income Taxes*. The Corporation believes that it has appropriate 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, 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they are filed.

#### *(L) Estimates*

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

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2017 and 2016

Note 3 – Property and Equipment

Property and Equipment consisted of the following:

	December 31,	
	2017	2016
Land	\$ 183,328	\$ 117,000
Buildings	3,193,796	3,193,796
Building Improvements	346,980	346,980
Vehicle	38,918	37,018
Furniture, Fixtures and Equipment	186,511	176,234
Property and Equipment before Accumulated Depreciation	3,949,533	3,871,028
Less: Accumulated Depreciation	(1,036,455)	(900,695)
Net Property and Equipment	<u>\$ 2,913,078</u>	<u>\$ 2,970,333</u>

Certain land, building, and improvements are pledged as collateral on a mortgage in favor of Cross Keys Bank at December 31, 2017 and JPMorgan Chase Bank at December 31, 2016.

Depreciation charged to expense was \$135,760 and \$126,634 for the years ended December 31, 2017 and 2016, respectively.

Note 4 – Notes Payable

Notes Payable consisted of the following:

	December 31,	
	2017	2016
<b>Mortgages due to JPMorgan Chase Bank</b>		
7.00% interest rate, secured by real estate. Payments are \$6,232 monthly, due March 25, 2017 with a balloon payment due at that time.	\$ —	\$ 671,486
<b>Mortgage due to Origin Bank</b>		
4.59% interest rate, secured by real estate. Payments are \$372 monthly, due March 31, 2022 with balloon payment due at that time.	30,467	35,895
<b>CDBG Loan</b>		
No-interest loan for the purposes of undertaking and satisfactorily completing NSP activities	891,350	965,582

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2017 and 2016

Note 4 – Notes Payable (Continued)

**Ally Loan**

3.44% interest rate, secured by vehicle. Payments are \$355 monthly, due October 12, 2021 with balloon payment due at that time.

11,486 18,947

**Mortgage due to Cross Keys Bank**

6.25% interest rate, secured by real estate. Payments are \$6,469 monthly, due December 13, 2022 with balloon payment due at that time.

718,690 —

Total 1,690,400 1,691,910

Less Current Portion of Notes Payable (38,407) (678,042)

Total Long-Term Notes Payable \$ 1,651,993 \$ 1,013,868

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
2018	\$ 38,407	\$ —	\$ 38,407
2019	40,715	—	40,715
2020	43,164	—	43,164
2021	45,051	—	45,051
2022	40,691	—	40,691
Thereafter	591,022	891,350	1,482,372
Total	\$ 799,050	\$ 891,350	\$ 1,690,400

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 one-twentieth of the initial principal loan amount in the case of re-developed (new construction) rental units with a maturity date of December 31, 2030. During the years ended December 31, 2017 and 2016, the CDBG loan was reduced by \$74,231 and \$74,230, respectively. As of December 31, 2017 and 2016, the balance on the loan was \$891,350 and \$965,582, respectively.

**JPMorgan Chase Bank Loan Consolidation**

On March 23, 2016, the Corporation consolidated all existing JPMorgan Chase Bank, N.A. loans, including the line of credit, into a new loan with JPMorgan Chase Bank, N.A. in the amount of \$688,677. The terms of the new loan are with a simple interest at a rate of 7.00% per annum with 11 regular payments of \$6,232 and one irregular last payment estimated at

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2017 and 2016

#### Note 4 – Notes Payable (Continued)

##### JPMorgan Chase Bank Loan Consolidation (Continued)

\$688,437. The final payment is due on March 25, 2017, which may be greater if all payments are not made as scheduled. The line of credit with JPMorgan Chase Bank, N.A. in the amount of \$75,000 was not renewed. In March 2017, the loan was renewed with JPMorgan Chase Bank. During the year ended December 31, 2017, the loan was paid off with proceeds from the loan with Cross Keys Bank.

##### Origin Bank Loan

On March 30, 2017, the Corporation renewed its existing loan in the amount of \$35,607. The interest 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 are due and one irregular last payment estimated in the amount of \$20,237 will be 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 last payment estimated in the amount of \$580,365 will be due. 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; 319 N. 2<sup>nd</sup> Street; 610-616 N. 3<sup>rd</sup> Street; and 3515-3516 S. Grand Street, Monroe, LA 71201.

##### Louisiana Housing Corporation Permanent Loan Contingent Commitment

Subsequent to year end, 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 up to \$1,050,000. The permanent loan contingent commitment is to take out the construction financing necessary for the proposed new construction of seven (7) units under the *Louisiana Neighborhood Landlord Rental Program* (“LNLRP”). The funding source of the loan is Community Development Block Grant (“CDBG”) funds. The permanent loan will be collateralized by a 2<sup>nd</sup> mortgage position on all 7 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.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2017 and 2016

#### Note 4 – Notes Payable (Continued)

##### Homeland Bank Loan Commitment

Subsequent to year end, the Corporation entered into a commitment for a term loan with Homeland Bank in an amount up to \$246,100. The loan commitment is to finance the construction and operations of the proposed new seven (7) single family residential units to be known as the Sonshine Community of Hope-Phase II. The interest will be a fixed rate of 5.5% per annum. Monthly payments of principal and interest will be due. The loan will have a term of five years and an amortization of 20 years. The loan will be collateralized by a 1<sup>st</sup> multiple indebtedness mortgage on 7 scattered site residential properties located in Monroe, Ouachita Parish, LA; a 1<sup>st</sup> multiple indebtedness mortgage on commercial property located at 411 S. 1<sup>st</sup> Street, Monroe, Ouachita Parish, LA; and assignment of leases and rents on all properties above.

#### Note 5 – Line of Credit

##### JP Morgan Chase Bank, N.A.

On February 4, 2013, the Corporation entered into a line of credit with JP Morgan Chase Bank, N.A. The maximum amount of credit that can be drawn is \$75,000. 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 1.4 percentage points, except otherwise provided. The maturity date on the note is January 15, 2014. A payment equal to the greater of \$100 or the aggregate sum of accrued interest plus 1/100<sup>th</sup> of the unpaid principle balance, but not to exceed the outstanding balance shall be paid monthly beginning March 15, 2013. The note is collateralized by a security interest in the property. During the year ended December 31, 2013, the full \$75,000 was drawn on the line of credit. At December 31, 2015, the balance owed on the line of credit was \$0. During the year ended December 31, 2016, the Corporation consolidated the remaining balance in the amount of \$63,560. See note concerning loan consolidation at Note 4 – Notes Payable. Subsequent to year end, DHH mandated a \$50,000 line of credit for Rays of Sonshine. The Corporation has obtained a line of credit with Origin Bank. As of the report date, nothing has been drawn on the line of credit.

##### Homeland Bank

Subsequent to year end, the Corporation entered into a commitment for a non-revolving interim construction line of credit with Homeland Bank in an amount up to \$1,439,300, subject to no greater than 80% of appraised value. The line of credit commitment is to take out the construction financing necessary for the proposed new construction of seven (7) single family residential units to be known as the Sonshine Community of Hope-Phase II. The interest will be a fixed rate of 5.5% per annum. Monthly payments of interest only will be due. The line of credit will have a term up to 2 years, or convert when construction is complete and 100% occupied. The line of credit will be collateralized by a 1<sup>st</sup> multiple indebtedness mortgage on 7 scattered site residential properties located in Monroe, Ouachita Parish, LA; a 1<sup>st</sup> multiple indebtedness mortgage on commercial property located at 411 S. 1<sup>st</sup> Street, Monroe, Ouachita Parish, LA; and assignment of leases and rents on all properties above.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2017 and 2016

#### 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 \$337,822 and \$381,847 for the years ended December 31, 2017 and 2016, respectively.

During the year ended December 31, 2006, the Corporation was awarded a contract through the same pass-through agency from the same funding source to administer an Access to Recovery voucher program for substance abuse treatment. For its services, the Corporation received \$5,230 and \$32,830 of Federal funds, for the years ended December 31, 2017 and 2016, respectively.

The Corporation was awarded grants by the U.S. Department of Housing and Urban Development ("HUD") to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, 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, 2017 and 2016, the Corporation received \$356,048 and \$201,339, 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 \$333,130 and \$243,323 for the years ended December 31, 2017 and 2016, respectively. For the years ended December 31, 2017 and 2016, the federal portion of commodities was valued at \$42,330 and \$32,981, respectively.

#### Note 7 – Disclosure and Concentrations

The Corporation receives 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 \$37,489 and \$30,588 during the years ended December 31, 2017 and 2016 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 Financial Statements  
For the Years Ended December 31, 2017 and 2016

Note 8 – Related Party Transactions (Continued)

Additionally, Daniel Printing, an entity owned by the Executive Director's husband, was paid \$4,732 and \$1,995 during the years ended December 31, 2017 and 2016 and was due \$0 and \$0 at December 31, 2017 and 2016, respectively, for printing services provided to the Corporation.

Note 9 – Casualty Loss

During the year ended December 31, 2017, personal property was damaged by a virus attack. The insurance company paid claims in the amount of \$23,334. The Corporation incurred costs related to the virus attack in the amount of \$23,834 and paid a deductible of \$500 on the insurance claim. For the year ended December 31, 2017, there was a casualty loss of \$500 resulting from the damage as a result of the virus attack.

During the year ended December 31, 2017, the apartment complex was damaged by a storm. The insurance company paid claims in the amount of \$6,322. The apartment complex incurred costs related to the storm in the amount of \$6,322. For the year ended December 31, 2017, there was no casualty gain or loss resulting from the storm damage.

Note 10 – Subsequent Events

The Corporation has evaluated subsequent events through June 27, 2018, the date which the financial statements were available for issue.

SUPPLEMENTARY INFORMATION



**Little & Assoc.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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 and Management of  
Rays of Sonshine  
Monroe, LA 71201

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Rays of Sonshine (a nonprofit Corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2018.

**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 Corporation'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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*Little & Associates, LLC*

Monroe, Louisiana

June 27, 2018



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

To the Board of Directors and Management of  
Rays of Sonshine  
Monroe, LA 71201

### **Report on Compliance for Each Major Federal Program**

We have audited Rays of Sonshine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Rays of Sonshine's major federal program for the year ended December 31, 2017. Rays of Sonshine's major federal program is identified in the summary of auditors' 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 Rays of Sonshine's major federal program 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 Rays of Sonshine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Rays of Sonshine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

## Report on Internal Control Over Compliance

Management of Rays of Sonshine 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 Rays of Sonshine'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 Rays of Sonshine'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

*Little & Associates, LLC*

Monroe, Louisiana  
June 27, 2018

RAYS OF SONSHINE

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2017

Federal Grantor Pass-Through Grantor Program Title	C.F.D.A. Number	Grant Number	Current Year Expenditures
U.S. Department of Agriculture			
Passed through the Northeast Louisiana Food Bank			
Emergency Food Assistance Cluster			
Emergency Food Assistance Program (Food Commodities)	10.569	Not Available	\$ 42,330
Total Emergency Food Assistance Program (Food Commodities)			42,330
U.S. Department of Homeland Security			
Passed through the United Way			
Emergency Food and Shelter National Board Program	97.024	Not Available	5,000
Total Emergency Food and Shelter National Board Program			5,000
U.S. Department of Housing and Human Development			
Supportive Housing Program	14.235	LA0163L6H051504	1,890
Supportive Housing Program	14.235	LA0163L6H051605	51,393
Supportive Housing Program	14.235	LA0264L6H051608	47,510
Supportive Housing Program	14.235	LA0117L6H051609	16,645
Supportive Housing Program	14.235	LA0117L6H051508	149,346
Supportive Housing Program	14.235	LA0264L6H051500	89,264
Total Supportive Housing Program			356,048
Passed through the Louisiana Housing Corporation			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not Available	891,350
Total Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii			891,350
Total U.S. Department of Housing and Human Development			1,247,398
Total Expenditures of Federal Awards			\$ 1,294,728

The accompanying notes are an integral part of this schedule.

## RAYS OF SONSHINE

### Notes to Schedule of Expenditures of Federal Awards December 31, 2017

#### Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of Rays of Sonshine (the Organization) for the year ended December 31, 2017 and is presented on the accrual basis of accounting. 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 Rays of Sonshine, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rays of Sonshine.

#### Note 2 – Summary of Significant Accounting Policies

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 as to reimbursement. Rays of Sonshine has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

#### Note 3 – Non-Cash Federal Awards

Included in the accompanying Schedule of Expenditures of Federal Awards is a non-cash food contribution by the U.S. Department of Agriculture in the amount of \$42,330.

#### Note 4 – Reconciliation of Federal Revenues with Expenditures

The Community Development Block Grant is a no-interest loan for the purposes of undertaking and satisfactorily completing the Neighborhood Stabilization Program activities. As such the expenditures (\$891,350) are recognized in the current year on the Schedule of Expenditures of Federal Awards and are recorded as a note payable as the revenues will be recognized in future years as forgiveness of debt. Expenditures recognized in the previous year amounted to \$1,064,260 for 2011, \$186,805 for 2012 and \$1,411,014 for 2013. In 2017 and 2016, forgiveness of debt in the amount of \$74,231 and \$74,230 was recognized. Total amount recorded as a note payable as of December 31, 2017 was \$891,350.

RAYS OF SONSHINE

Schedule of Compensation, Benefits and Other Payments  
to the Agency Head or Chief Executive Officer

For the Year Ended December 31, 2017

Agency Head Name: Lynn Daniel

<u>Purpose</u>	<u>Amount</u>
Compensation	\$68,294

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified?  Yes  No

Significant Deficiency(s) identified not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal Control Over Major Programs:

Material Weakness(es) identified?  Yes  No

Significant Deficiency(s) identified not considered to be material weaknesses?  Yes  No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

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

Auditee qualified as low-risk auditee?  Yes  No

Identification of Major Programs:

CFDA #	PROGRAM TITLE
14.228	Community Development Block Grant

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017

Section II – Financial Statement Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2017.

Section III – Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2017.

RAYS OF SONSHINE

Summary Status of Prior Year Audit Findings  
For the Year Ended December 31, 2017

There were no findings for the year ended December 31, 2016.



INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and Management of Rays of Sunshine and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Rays of Sunshine (Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Organization's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Organization does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit 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, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

**Conclusion to Written Policies and Procedures:** All required written policies and procedures have been reviewed and updated. The policies and procedures address each of the following financial/business functions. No exceptions noted.

#### ***Board (or Finance Committee, if applicable)***

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1. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Organization's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Conclusion to Board:** No exceptions noted.

#### ***Bank Reconciliations***

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1. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
2. Using the listing provided by management, select all of the Organization's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to

follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Conclusion to Bank Reconciliations:** No exceptions noted.

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

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1. Obtain a listing of Organization disbursements from management or, alternately, obtain the general ledger and sort/filter for Organization disbursements. Obtain management's representation that the listing or general ledger population is complete.
2. Using the disbursement population, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Organization had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
3. Using Organization documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Organization's purchasing/disbursement system.

4. Using Organization documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
5. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Organization documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
6. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

***Conclusion to Disbursements – General:*** No exceptions noted.

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

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1. 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.
2. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Organization has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.  
  
Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
  - a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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) Report whether finance charges and/or late fees were assessed on the selected statements.
3. Using the monthly statements or combined statements selected, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Organization's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

***Conclusion to Credit Cards/Debit Cards/Fuel Cards/P-Cards:*** No exceptions noted.

### ***Travel and Expense Reimbursement***

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1. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
2. Obtain the Organization's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.
3. Using the listing or general ledger, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
  - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals,

mileage, lodging). If the Organization does not have written policies, compare to the GSA rates and report each reimbursement that exceeded those rates.

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Conclusion to Travel and Expense Reimbursement:*** No exceptions noted.

### ***Contracts***

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1. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
2. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
  - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Organization complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

- If no, obtain supporting contract documentation and report whether the Organization solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Conclusion to Contracts:** No exceptions noted.

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

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1. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
2. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Organization had less than 25 employees during the fiscal period), and:
  - a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the Organization maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
3. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the

two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

4. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Conclusion to Payroll and Personnel:** No exceptions noted.

### **Other**

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1. Inquire of management whether the Organization had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Organization reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.
2. Observe and report whether the Organization has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
3. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**Conclusion to Other:** No exceptions noted.

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 C/C 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 C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Little & Associates, LLC*

Monroe, Louisiana  
June 27, 2018