



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NEW ORLEANS, LOUISIANA

AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT.....	1-3
<u>FINANCIAL STATEMENTS:</u>	
Statement of Financial Position – December 31, 2023.....	4
Statement of Activities – For the Year ended December 31, 2023.....	5
Statement of Functional Expenses – For the Year Ended December 31, 2023.....	6
Statement of Cash Flows – For the Year Ended December 31, 2023.....	7
NOTES TO THE FINANCIAL STATEMENTS.....	8-14
<u>SUPPLEMENTARY INFORMATION:</u>	
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>	15-16
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE <i>UNIFORM GUIDANCE</i>	17-19
Schedule of Expenditures of Federal Awards – For the Year Ended December 31, 2023.....	20
Notes to the Schedule of Expenditures of Federal Awards.....	21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	
Section I – Summary of Auditor’s Results.....	22
Section II – Financial Statement Findings and Questioned Costs.....	23-24
Section III – Federal Award Findings and Questioned Costs.....	25-26
Section IV – Summary of Prior Year’s Findings and Questioned Costs.....	27
Schedule of Compensation, Benefits, and Other Payments to Agency Head – For the Year Ended December 31, 2023.....	28
Management’s Corrective Action Plan	29-30



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Desire Community Housing Corporation, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Desire Community Housing Corporation, Inc. (a nonprofit organization) ("DCHC"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of DCHC as of December 31, 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DCHC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about DCHC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DCHC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about DCHC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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. In addition, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and the financial statements are also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are 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 November 11, 2024 on our consideration of DCHC’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 DCHC’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 DCHC’s internal control over financial reporting and compliance.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 11, 2024

DESIRE COMMUNITY HOUSING CORPORATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

Cash	\$ 793,539
Property Held for Resale	163,723
Property and Equipment, Net	<u>98,710</u>
TOTAL ASSETS	<u><u>1,055,972</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	<u>781,661</u>
TOTAL LIABILITIES	<u>781,661</u>

NET ASSETS

Without Donor Restriction	<u>274,311</u>
TOTAL NET ASSETS	<u>274,311</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,055,972</u></u>

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

DESIRE COMMUNITY HOUSING CORPORATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Grant and Contract Revenue	\$ 812,822	\$ -	\$ 812,822
Rent Income	700	-	700
Program Income	4,200	-	4,200
Administrative Fees	8,921	-	8,921
TOTAL REVENUE AND OTHER SUPPORT	<u>826,643</u>	<u>-</u>	<u>826,643</u>
EXPENSES			
FEMA	800,924	-	800,924
General Operating	2,387	-	2,387
HUD Counseling	20,611	-	20,611
TOTAL EXPENSES	<u>823,922</u>	<u>-</u>	<u>823,922</u>
CHANGE IN NET ASSETS	2,721	-	2,721
Net Assets, Beginning of Year	313,175	-	313,175
Net Assets Adjustment	(41,585)	-	(41,585)
Net Assets, End of Year	<u>\$ 274,311</u>	<u>\$ -</u>	<u>\$ 274,311</u>

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

DESIRE COMMUNITY HOUSING CORPORATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>FEMA</u>	<u>General Operating</u>	<u>HUD Counseling</u>	<u>Total</u>
EXPENSES				
Personnel Cost	\$ 602	\$ 1,000	\$ 16,573	\$ 18,175
Audit Fees	7,890	-	610	8,500
Gifts and Contributions	-	130	-	130
Developer's Fees	8,921	-	-	8,921
Contractual Service	783,475	96	40	783,611
Rents & Leases	-	-	2,200	2,200
Office Supplies	36	-	-	36
Food Service & Supplies	-	270	-	270
Bank Fees	-	72	-	72
Training	-	819	1,188	2,007
TOTAL EXPENSES	<u>\$ 800,924</u>	<u>\$ 2,387</u>	<u>\$ 20,611</u>	<u>\$ 823,922</u>

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

DESIRE COMMUNITY HOUSING CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities:

Change in Net Assets	\$ 2,721
Net Assets Adjustment	(41,585)

**Adjustments to Reconcile Changes in Net Assets
to Net Cash Used by Operating Activities:**

Decrease in Grants Receivable	41,585
Increase in Accounts Payable	781,395
Total Adjustments	<u>822,980</u>

Net Cash Provided by Operating Activities 784,116

Net Change in Cash 784,116

Cash - Beginning of Year 9,423

Cash - End of Year \$ 793,539

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

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – ORGANIZATION

Background

Desire Community Housing Corporation (DCHC) is a non-profit corporation established in 1968. Its mission is to provide quality affordable housing, revitalize communities within their established boundaries, and create a viable community for residents. For over 50 years, the members of the Desire/Florida community have worked together to improve housing conditions, as well as the improvement of the Upper Ninth Ward neighborhood.

DCHC operates the following programs:

Community Response

This program began in October 2002 and is funded by the State of Louisiana, passed through the Office of Family Support. Additionally, the program provides participants complete comprehensive housing counseling regimes to prevent homelessness, rental/mortgage assistance and or initial housing deposits, written information for other appropriate support services (i.e., childcare, health (mental and medical), jobs, skills, parenting and life skills and education), and housing education sessions.

Family Resource and Referrals

DCHC's objective is to provide an operations office and comprehensive family resource center that provides information, referrals, workshops, and peer support to families of individuals with developmental disabilities or special needs. Stipends to individuals with disabilities or their parents may also be provided, to enable them to attend certain workshops and conferences.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

DCHC's basic financial statements consist of the statement of financial position, statement of activities, statement of functional expenses, and cash flows. The statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent 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 estimated.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

As required by Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) sections ASC Sections 958-205 and 605 (*Not-for-Profit Entities Presentation of Financial Statements and Revenue Recognition*), DCHC recognizes contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair value.

FASB ASC 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations (the Guide) Update 2016-14 was effective January 1, 2018. Under the provisions of the Guide, net assets, and gains and losses are classified based on the existence or absences of donor-imposed restrictions. Accordingly, the net assets of DCHC and changes therein are classified as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of DCHC. DCHC's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of DCHC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Further, update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, established standards for external financial reporting by not-for-profit organizations. The standard's main provisions require presentation on the face of the statement of activities the amount of the change in each of the two classes of net assets; continued to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting; and included enhanced disclosures of board designations, etc. affecting resources used without donor restrictions and the composition of donor restrictions and its effect on use of resources.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment acquired with funds from the Department of Housing and Urban Development (HUD) and DHHS funds are owned by those organizations while used in the program or in future authorized programs. Accordingly, the DCHC may not transfer, mortgage, assign, lease, or in any other way encumber the property and equipment without prior approval of those organizations. Property and equipment are carried at cost.

Depreciation is computed using the straight-line method. The cost of maintenance and repairs is charged to expense as incurred; significant renewals or betterments are capitalized. Various properties have donor restrictions regarding disposal. Improvements which significantly extend the useful life of an asset and purchases of equipment are capitalized. The straight-line method of depreciation is used for the assets owned by DCHC. Depreciation is provided at rates based upon estimated useful lives of these assets ranging from 3 to 27 years.

Income Taxes

DCHC is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to DCHC are deductible under section 170 of the Code. DCHC is qualified to receive tax deductible bequests, devises, transfers, or gifts under Section 2055, 2106, or 2522 of the Code. Organizations exempt under section 501(c)(3) of the IRS Code are further classified as either a public charity or private foundation. The IRS has determined that DCHC is a public charity under the Code section 170(b)(1)(a)(vi). It is exempt from Louisiana income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Accordingly, no provision for income taxes has been reflected in DCHC's financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, DCHC considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents. For the year ended December 31, 2023, DCHC did not have cash equivalents.

Leases

Residential and commercial leases with tenants are for a period of one year.

Grants

DCHC has various grant/contract agreements from federal and state funded programs. State funds are received on a cost reimbursement basis. As of December 31, 2023, there are no grants receivable from federal or state sources.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, program and support service expenses are specifically identified with or allocated to DCHC's various functions. Expenses requiring allocation include services provided by the DCHC's management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor's conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, which is more than trivial, must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome, and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. For any exchange transactions that exist, Power Coalition follows Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. For the year ended December 31, 2023, there were no exchange transactions.

In-kind Contributions

In-kind contributions are recognized if services or support to enhance nonfinancial assets or conditions would require specialized skills or otherwise be purchased by the DCHC. DCHC did not receive any in-kind contributions during the year ended December 31, 2023.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 was originally effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) that extended the effective date for certain entities, including DCHC, to annual periods beginning after December 15, 2021. DCHC does not have any leases that qualify for ASC 842 application as of December 31, 2023.

NOTE 3 – ECONOMIC DEPENDENCY

DCHC receives most of its revenues from governmental grant funding. During the year ended December 31, 2023, approximately 98% of total support and revenue was received from governmental grants. If significant budget cuts are made at the state and/or federal level, the amount of funds DCHC receives could be reduced significantly and could have an adverse impact on its operations.

NOTE 4 – CASH AND CONCENTRATION OF CREDIT RISK

DCHC maintains cash balances at one financial institution. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash on deposit at the financial institution at December 31, 2023 was \$793,539. DCHC's uninsured cash balance totaled \$543,539. DCHC believes it is not exposed to any significant credit risk on its cash balances and has not incurred any loss in such accounts.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – FIXED ASSETS

At December 31, 2023, DCHC’s fixed assets consisted of the following:

<u>Category</u>	
Land	\$ 98,000
Buildings	144,000
Office Equipment	710
Vehicles	<u>19,806</u>
Sub-Total	262,516
Less: Accumulated Depreciation	<u>(163,806)</u>
Total Fixed Assets, Net	<u><u>\$ 98,710</u></u>

NOTE 6 – PROPERTY HELD FOR RESALE

Desire Community Housing Corporation owns various properties in which the carrying value is expected to be recovered through future sales. These properties are measured at the lower of carrying value or fair value less costs to sell and are disclosed separately from Property and Equipment on the Statement of Financial Position. The total value of property held for resale at December 31, 2023 is \$163,723.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

DCHC's financial assets available within one year after December 31, 2023 (less amounts restricted by donors or those that are board-designated for long-term purposes) to satisfy liabilities and for general expenditures are comprised of the following:

Cash	<u>\$ 793,539</u>
Total	793,539
Less: Net Assets With Donor Restrictions	<u>-</u>
Financial Assets Available to Meet Expenditures Over the Next 12 Months	<u><u>\$ 793,539</u></u>

As part of its liquidity management, DCHC has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 – GRANT REVENUE

Grant revenue includes funding from state and federal sources. Grant revenues at December 31, 2023 consist of the following:

<u>Program</u>	
FEMA - Orleans Housing Investment Program	\$ 790,317
U.S. Dept. of Housing & Urban Development	<u>22,505</u>
Total Grant Revenue	<u>\$ 812,822</u>

NOTE 9 – LEASES

DCHC has a commercial lease agreement for office space located at 2567 Allen Toussaint Blvd. in New Orleans, Louisiana. The lease commenced on February 27, 2023 with an expiration date of February 26, 2024. Monthly lease payments are \$550, which also represents the minimum lease payments at December 31, 2023. Total rent expense at December 31, 2023 was \$2,200.

NOTE 10 – NET ASSETS ADJUSTMENT

A net assets adjustment in the amount of \$41,585 was needed to adjust prior period accounts receivable balances. The organization’s year-end Aging Report included overdue balances totaling \$41,585 which continued to carry over from prior years. After further inquiry with management, the amounts reported in the Aging Report did not represent current amounts owed to DCHC and should have been adjusted in prior periods. Management also confirmed that there were no amounts owed to DCHC at December 31, 2023.

NOTE 11 – SUBSEQUENT EVENTS

DCHC is required to evaluate events or transactions that may have occurred after the statement of financial position date for potential recognition or disclosure in the financial statements. DCHC performed such evaluation through November 11, 2024, which is the date that the financial statements were available to be issued. No events subsequent to this date have been evaluated for inclusion in the financial statements. Management has noted that there are no additional disclosures or adjustments required to these financial statements.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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 of
Desire Community Housing Corporation, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Desire Community Housing Corporation, Incorporated ("DCHC"), which comprise the statement of financial position as of December 31, 2023, 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 November 11, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding #2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether DCHC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as Finding #2023-002.

DCHC's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on DCHC's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. DCHC's response was not subjected to the other 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 11, 2024



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
Desire Community Housing Corporation, Inc.
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Desire Community Housing Corporation, Incorporated's ("DCHC") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of DCHC's major federal programs for the year ended December 31, 2023. DCHC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, DCHC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DCHC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of DCHC's compliance with the compliance requirements referred to above.

New Orleans Office: 1100 Poydras Street, Suite 1225 / New Orleans, LA 70163 / (504)561-8600
Memphis Office: 1661 International Drive, Suite 441 / Memphis, TN 38120 / (901)202-4688
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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to DCHC's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DCHC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DCHC's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding DCHC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DCHC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 DCHC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding #s 2023-003 and 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on DCHC's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. DCHC's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. 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.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 11, 2024

DESIRE COMMUNITY HOUSING CORPORATION, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Program Grantor/Title</u>	<u>Assistance Listing #</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HOMELAND SECURITY Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	800,924
Total Expenditures of Federal Awards		\$ 800,924

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

DESIRE COMMUNITY HOUSING CORPORATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes federal grant activity of DCHC and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – PRESENTATION

The accompanying schedule of expenditures of federal awards covers the year ended December 31, 2023.

NOTE C – DE MINIMIS COST RATE

During the year ended December 31, 2023, DCHC did not elect to use the 10% de minimis cost rate.

NOTE D – LOAN AND LOAN GUARANTEES

DCHC did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2023. DCHC had no loans outstanding at the year-end.

NOTE E – FEDERALLY FUNDED INSURANCE

DCHC has no federally funded insurance.

NOTE F – NON-CASH ASSISTANCE

DCHC did not receive any federal noncash assistance for the year ended December 31, 2023.

**DESIRE COMMUNITY HOUSING CORPORATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? _____ yes X no
Significant deficiencies identified
not considered to be material weaknesses? X yes _____ no

Noncompliance material to financial statements noted? X yes _____ no

Federal Awards

An unmodified opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified? _____ yes X no
Significant deficiencies identified
not considered to be material weaknesses? _____ yes X no

Other matters or instances on
noncompliance required to be reported
in accordance with the Uniform Guidance? X yes _____ no

The major program for the year ended December 31, 2023 is as follows:

1. Disaster Grants – Public Assistance Assistance Listing #97.036
(Presidentially Declared Disasters)

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

Auditee did not qualify as a low-risk auditee.

DESIRE COMMUNITY HOUSING CORPORATION, INC.
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

FINDING# 2023-001 BANK RECONCILIATION PROCEDURES NOT ADEQUATE

CRITERIA:

Best practices for non-profit organizations state that bank reconciliations should be prepared within 30 days of receiving the bank statement from the financial institution. As part of the reconciliation, the preparer should consider whether (1) all receipts and disbursements are recorded by the entity; (2) checks are clearing the bank in a reasonable time; (3) reconciling items are appropriate and are being recorded; and (4) the reconciled cash balance agrees to the general ledger balance. Any differences between the bank balances and accounting records should be immediately researched and resolved. Any adjustments to the accounting records should be recorded by someone other than the employee performing the bank reconciliation. Once the reconciliation is prepared and reviewed, the preparer and reviewer should sign/initial and date.

CONDITION:

DCHC's bank reconciliation procedures were not adequate. During our audit we noted the following exceptions:

- a. The reconciliations were not prepared in a timely manner; monthly bank reconciliations for cash accounts were not reconciled until May 2024.
- b. The monthly bank reconciliations do not include proper evidence of review and approval by management; there are no preparer or reviewer signatures, initials, or dates documenting review and approval.
- c. The bank accounts were not reconciled in accordance with DCHC's calendar year-end; the December bank reconciliations were only reconciled through December 13, 2023.

CAUSE:

DCHC's accounting procedures did not include timely preparation of bank reconciliations.

EFFECT:

Errors, fraud, or other irregularities could occur related to cash transactions and not be detected on a timely basis.

RECOMMENDATION:

We recommend that bank reconciliations be completed on a monthly basis and supervisory approvals be performed and documented, to ensure that any discrepancies are reconciled and corrected timely.

MANAGEMENT'S RESPONSE:

See Management's Corrective Action Plan on pages 29-30.

**DESIRE COMMUNITY HOUSING CORPORATION, INC.
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023**

FINDING# 2023-002 TIMELY SUBMISSION OF AUDIT REPORT

CRITERIA:

Louisiana Revised Statute 24:513, requires local auditees to submit an audit report to the Louisiana Legislative Auditor (LLA) no later than six months after the local auditee's fiscal year end.

CONDITION:

DCHC did not submit its audit report within the required regulatory period.

CAUSE:

DCHC did not have an effective system of general accounting and financial reporting which contributed to the delinquencies in independent audit completion.

EFFECT:

DCHC was not in compliance with Louisiana Revised Statute 24:513.

RECOMMENDATION:

DCHC should submit audit reports to the LLA within the statutory guidelines.

MANAGEMENT REPOSE:

See Management's Corrective Action Plan on pages 29-30.

**DESIRE COMMUNITY HOUSING CORPORATION, INC.
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023**

**FINDING# 2023-003 TIMELY SUBMISSION OF FEDERAL AUDIT
CLEARINGHOUSE FILING (NONCOMPLIANCE)**

Title and Assistance Listing Number of Federal Program: 97.036 –Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Compliance Requirement: Reporting

Name of Federal Agency: U.S. Department of Homeland Security

CRITERIA:

2 CFR requires that non-federal entities that expend \$750,000 or more in a year in federal awards must submit their audited annual financial reports and the data collection form to the Federal Audit Clearinghouse within thirty (30) days after receipt of the auditor’s report, or nine (9) months of the close of the auditee’s fiscal year.

CONDITION:

DCHC did not remit the annual audited financial statements and the data collection form to the Federal Audit Clearinghouse within 9 months after year-end as required by the Uniform Guidance.

CAUSE:

DCHC did not submit requested audit support in a timely manner.

EFFECT:

DCHC is not in compliance with applicable federal regulations.

QUESTIONED COSTS:

Not Applicable.

RECOMMENDATION:

DCHC should implement policies and procedures to ensure the timely filing of any and all required reports.

MANAGEMENT’S RESPONSE:

See Management’s Corrective Action Plan on pages 29-30.

**DESIRE COMMUNITY HOUSING CORPORATION, INC.
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023**

FINDING# 2023-004 REPORTING FOR FEDERAL AWARDS NOT ADEQUATE

Title and Assistance Listing Number of Federal Program: 97.036 –Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Compliance Requirement: Reporting

Name of Federal Agency: U.S. Department of Homeland Security

CRITERIA:

The Compliance Supplement outlines certain requirements for testing compliance with major programs which include reporting. DCHC did not provide the SF-425, Federal Financial Report, which is a reporting requirement.

CONDITION:

DCHC could not provide the requested report to satisfy the requirement.

CAUSE:

DCHC did not maintain adequate reports to support federal funding received.

EFFECT:

DCHC is not in compliance with applicable federal regulations.

QUESTIONED COSTS:

Not Applicable.

RECOMMENDATION:

DCHC should implement policies and procedures to ensure reporting requirements are met in accordance with the Compliance Supplement.

MANAGEMENT’S RESPONSE:

See Management’s Corrective Action Plan on pages 29-30.

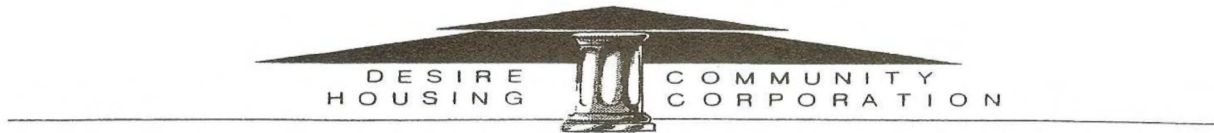
DESIRE COMMUNITY HOUSING CORPORATION, INC.
SUMMARY OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

<u>Finding#</u>	<u>Description</u>	<u>Type</u>	<u>Status</u>
2022-001	Timely Submission of Audit Report	Noncompliance	Unresolved

**DESIRE COMMUNITY HOUSING CORPORATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023**

Agency Head Name: Wilbert Thomas, President and CEO

Purpose	Amount
Salary	\$ 6,736
Benefits - Insurance	-
Benefits - Retirement	-
Benefits - Medicare	-
Car Allowance	-
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	270
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-



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**DESIRE COMMUNITY HOUSING CORPORATION, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
DECEMBER 31, 2023**

FINDING# 2023-001 – BANK RECONCILIATION PROCEDURES NOT ADEQUATE

Corrective Action Planned: The accountant does ensure that all receipts and disbursements are accounted for during the reconciliation process. Also, the reconciliation is agreed to the cash general ledger balance. Long outstanding checks will be reviewed to determine if the disbursement is no longer valid. The accountant will endeavor to sign or initial the reconciliation upon completion. Finally, since the bank statement does not have a month end, the accountant will reconcile through the end of the fiscal period.

Contact Person or Responsible Party: Talmadge Mitchel, CPA and Wilbert Thomas, President and CEO

Anticipated Date of Completion: January 1, 2025

FINDING# 2023-002 – TIMELY SUBMISSION OF AUDIT REPORT

Corrective Action Planned: DCHC will contract with the audit group prior to the end of the fiscal year in order that the report is submitted timely to the Louisiana Legislative Auditor.

Contact Person or Responsible Party: Wilbert Thomas, President and CEO

Anticipated Date of Completion: January 1, 2025

DESIRE COMMUNITY HOUSING CORPORATION, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
DECEMBER 31, 2023

FINDING# 2023-003 – TIMELY SUBMISSION OF FEDERAL AUDIT CLEARINGHOUSE FILING (NONCOMPLIANCE)

Corrective Action Planned: In conjunction with the timely submission of the audit report, if DCHC expends federal funding of \$750,000 or more in a fiscal year, the audited annual financial report and data collection form will be submitted to the Federal Audit Clearinghouse in a timely manner in accordance with federal regulations.

Contact Person or Responsible Party: Wilbert Thomas, President and CEO

Anticipated Date of Completion: June 30, 2025

FINDING# 2023-004 – REPORTING FOR FEDERAL AWARDS NOT ADEQUATE (NONCOMPLIANCE)

Corrective Action Planned: DCHC will review the financial progress with the Chief Operating Officer to ensure that Form SF-425 is submitted to the appropriate agency in a timely manner.

Contact Person or Responsible Party: Wilbert Thomas, President and CEO and Deborah Davenport, COO

Anticipated Date of Completion: January 1, 2025



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

DESIRE COMMUNITY HOUSING CORPORATION, INC.

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
Desire Community Housing Corporation, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. Desire Community Housing Corporation, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Desire Community Housing Corporation, Inc. (DCHC) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Results: *The written policies and procedures appropriately address the required elements 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

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Memphis Office: 1661 International Drive, Suite 441 / Memphis, TN 38120 / (901)202-4688

Atlanta Office: 1201 Peachtree St. NE, Suite 200 - 363 / Atlanta, GA 30328 / (678)971-3700

orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The written policies and procedures appropriately address the required elements above.

- c) **Disbursements**, including processing, reviewing, and approving.

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

- 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.

Results: The policies and procedures appropriately address the required elements above.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

Results: The written policies and procedures appropriately address the required elements above.

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

Results: *The written policies and procedures appropriately address 3 of the required elements above. However, we noted no procedures addressing dollar thresholds by category of expense.*

Management's Response: *Upon review of the policies, it has been decided that DCHC will follow the State of Louisiana's travel policies and reimbursement procedures.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable, as the Entity is a non-profit.*

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

Results: *Not applicable, as the Entity is a non-profit.*

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: *We were unable to observe any written policies and procedures that appropriately address the required elements above.*

Management's Response: *Although the Accountant maintains a separate recovery procedure for the books of account, it is determined that the policies and procedures for a disaster recovery system will take some time to develop. Therefore, we are in the process of reviewing the written policies and procedures for a disaster recovery system.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: *Not applicable, as the Entity is a non-profit.*

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 document.

Results: *No exceptions were noted as a result of this procedure.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: *No exceptions were noted as a result of this procedure.*

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

Results: *Not applicable to the Entity.*

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: *No exceptions were noted as a result of this procedure.*

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

Results: We obtained a listing of the Entity's bank accounts for the 2023 fiscal period and management's representation that the listing was complete. We randomly selected December 2023 for testing, obtained and inspected the corresponding bank statements and reconciliations, and observed the following:

- 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);

Results: Per review of the bank reconciliations, we noted that they did not include evidence of being reconciled within 2 months of the statement's closing date; the electronic log date reflects May 2024 for reconciliation.

Management's Response: We will begin reconciling the bank statements within 2 months of the statement's closing date.

- b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged);

Results: We noted that there was no evidence that bank reconciliations were reviewed by management within 1 month of the date the reconciliation was prepared; the reconciliations did not include review initials, signatures, or dates of review.

Management's Response: The Accountant will provide management with a copy of the bank reconciliation and bank statement upon completion. All necessary signatures and dates of review will be included.

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

Results: We noted one reconciling item in one account that has been outstanding for more than 12 months from the statement's closing date.

Management's Response: Any reconciling items that are outstanding for more than 180 days will either be written off after a review is made or placed in a suspense account.

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).

Results: We noted that Desire Community Housing Corporation does not have a deposit site. The Entity receives electronic funds transfers for federal or state deposits. The Entity also collects rent payments directly from the rental locations and deposits them at Regions Bank.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - 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., pre-numbered receipts) 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: We noted that Desire Community Housing Corporation does not have deposit sites. The Entity receives electronic funds transfers for federal or state deposits. The Entity also collects rent payments directly from the rental locations and deposits them at Regions Bank. We noted the Entity does not have paid employees. Thus, the steps listed above were not performed as they are not applicable.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Results: The Entity did not provide a copy of the bond or insurance policy for theft covering all employees who have access to cash.

Management Response: Management will assess this situation, and any employee who has a responsibility for having access to cash will be bonded.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe 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 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were noted as a result of this procedure.

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

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).

Results: The Entity does not have a location where payments are processed.

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.

Results: Not applicable, as the Entity does not have a location where payments are processed.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: Not applicable, as the Entity does not have a location where payments are processed.

- 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3(a), randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions were noted as a result of this procedure.

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

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

Results: We noted that the Entity has one debit card.

- 13. 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 whether 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) were reviewed and approved, in writing (or electronically approved), 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.]

Results: We observed that there is no evidence that monthly statements and supporting documentation were reviewed and approved by someone other than the authorized card holder.

Management's Response: There is limited usage of the debit card, however, a review by someone other than the authorized card holder will be made.

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

Results: No exceptions were noted as a result of this procedure.

14. 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 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Not applicable, as the Entity does not have credit cards, and all disbursements from the selected bank statement were paid via check.

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

15. 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, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe 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 each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *Not applicable, as the Entity did not incur any travel expenses or travel-related expense reimbursements during the year.*

Contracts

16. 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 whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Results: *No exceptions were noted as a result of this procedure.*

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

Results: *No exceptions were noted as a result of this procedure.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Results: *There were no amendments to the contract during the year.*

- d) Randomly select one payment from the fiscal period for each of the 3 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: *No exceptions were noted as a result of this procedure.*

Payroll and Personnel

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: The Entity does not have paid employees. Thus, the procedures above were not performed for the Entity.

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results: The Entity does not have paid employees. Thus, the procedures above were not performed for the Entity.

19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours, and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Results: The Entity does not have paid employees. Thus, the procedures above were not performed for the Entity.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: The Entity does not have paid employees. Thus, the procedures above were not performed for the Entity.

Ethics

Results: Not applicable, as the Entity is a nonprofit.

Debt Service

Results: Not applicable, as the Entity is a nonprofit.

Fraud Notice

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

Results: There were no misappropriations of public funds or assets during the fiscal period.

22. Observe that the entity 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.

Results: We did not observe the required notice posted on the Entity's premises or website.

Management's Response: Upon completion of the new facility, the proper postings will be made.

Information Technology Disaster Recovery/Business Continuity

23. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Results: We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management. .

24. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: The Entity does not have paid employees. Thus, the procedures above were not performed for the Entity.

25. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: The Entity does not have paid employees. Thus, the procedures above were not performed for the Entity.

Sexual Harassment

Results: Not applicable, as the Entity is a non-profit.

We were engaged by Desire Community Housing Corporation, Inc. to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

We are required to be independent of Desire Community Housing Corporation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.



Luther Speight & Company CPAs
New Orleans, Louisiana
November 11, 2024