

RAYS OF SONSHINE

Audited Financial Statements
For the Years Ended December 31, 2018 and 2017

RAYS OF SONSHINE

For the Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 28, 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 30, 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 26, 2019 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 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 Rays of Sonshine'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 Rays of Sonshine's internal control over financial reporting and compliance.

Little & Associates, LLC

Monroe, Louisiana

June 26, 2019

FINANCIAL STATEMENTS

RAYS OF SONSHINE

Statements of Financial Position
December 31, 2018 and 2017

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Cash	\$ 121,831	\$ 6,291	\$ 128,122
Accounts Receivable			
Federal	9,466	-	9,466
Services	10,659	-	10,659
United Way	3,342	10,026	13,368
Foundation For Louisiana	20,000	-	20,000
Other	14,739	-	14,739
Land, Building and Equipment - Note 3	3,845,761	-	3,845,761
Accumulated Depreciation - Note 3	(1,062,773)	-	(1,062,773)
Prepaid Expenses	41,096	-	41,096
Deposits	8,533	-	8,533
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,012,654</u>	<u>\$ 16,317</u>	<u>\$ 3,028,971</u>
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 45,262	\$ -	\$ 45,262
Deferred Revenue	32	-	32
Accrued Payroll and Payroll Taxes	16,407	-	16,407
Rental Deposits	10,400	-	10,400
Received from Residents	11,881	-	11,881
Notes Payable - Note 4 and Note 5	1,577,971	-	1,577,971
Total Liabilities	<u>1,661,953</u>	<u>-</u>	<u>1,661,953</u>
Net Assets - Note 2 (I)			
Net Assets Without Donor Restrictions	1,350,701	-	1,350,701
Net Assets With Donor Restrictions	-	16,317	16,317
Total Net Assets	<u>1,350,701</u>	<u>16,317</u>	<u>1,367,018</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 3,012,654</u>	<u>\$ 16,317</u>	<u>\$ 3,028,971</u>

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

RAYS OF SONSHINE

Statements of Financial Position
December 31, 2018 and 2017

	2017		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
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	\$ 3,236,913	\$ 26,390	\$ 3,263,303
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 35,624	\$ -	\$ 35,624
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	1,775,949	-	1,775,949
Net Assets - Note 2 (I)			
Net Assets Without Donor Restrictions	1,460,964	-	1,460,964
Net Assets With Donor Restrictions	-	26,390	26,390
Total Net Assets	1,460,964	26,390	1,487,354
Total Liabilities and Net Assets	\$ 3,236,913	\$ 26,390	\$ 3,263,303

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

RAYS OF SONSHINE

Statements of Activities
For the Years Ended December 31, 2018 and 2017

	2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Federal			
Supportive Housing Program - Note 6	\$ 258,739	\$ -	\$ 258,739
Emergency Food Assistance Program - Noncash - Note 6	84,837	-	84,837
EFSP Grant Revenue	6,685	-	6,685
Federal - Payments for Services - Note 6			
Block Grant	163,015	-	163,015
Emergency Food Assistance - Nonfederal - Note 6	265,684	-	265,684
Contributions	98,118	-	98,118
United Way Allocation	24,229	10,026	34,255
Program Service Fees	329,034	-	329,034
Charitable Gaming	133,560	-	133,560
Rental Revenue	112,380	-	112,380
Forgiveness of Debt	74,259	-	74,259
Other Revenue	82,796	-	82,796
Total	1,633,336	10,026	1,643,362
Net Assets Released from Restriction:			
Satisfaction of Purpose Restrictions	20,099	(20,099)	-
Total Support and Revenue	1,653,435	(10,073)	1,643,362
Expenses			
Program Services			
Manna Pantry	409,089	-	409,089
R.E.A.P.	115,250	-	115,250
Women's Residence	196,246	-	196,246
The Kitchen	22,035	-	22,035
Sonshine Community of Hope	152,267	-	152,267
Supportive Housing	4,324	-	4,324
The Yellow House	104,007	-	104,007
Breard Apartments (HUD)	203,727	-	203,727
Mothers With Children	247,407	-	247,407
Atkins Quarters	2,756	-	2,756
Sonshine House II	51,248	-	51,248
Clinic Apartments	2,206	-	2,206
Sonshine Rental Assistance - HUD 3 (2HS)	67,567	-	67,567
Total Program Services	1,578,129	-	1,578,129
Support Services			
Charitable Gaming	136,070	-	136,070
Management and General	49,499	-	49,499
Total Support Services	185,569	-	185,569
Total Expenses	1,763,698	-	1,763,698
Change in Net Assets	(110,263)	(10,073)	(120,336)
Net Assets at Beginning of Year	1,460,964	26,390	1,487,354
Net Assets at End of Year	\$ 1,350,701	\$ 16,317	\$ 1,367,018

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

RAYS OF SONSHINE

Statements of Activities
For the Years Ended December 31, 2018 and 2017

	2017		Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
Support and Revenue			
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	1,767,163	12,725	1,779,888
Net Assets Released from Restriction:			
Satisfaction of Purpose Restrictions	2,635	(2,635)	-
Total Support and Revenue	1,769,798	10,090	1,779,888
Expenses			
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
Supportive Housing	3,344	-	3,344
The Yellow House	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	1,524,452	-	1,524,452
Support Services			
Charitable Gaming	144,300	-	144,300
Management and General	70,952	-	70,952
Total Support Services	215,252	-	215,252
Total Expenses	1,739,704	-	1,739,704
Change in Net Assets	30,094	10,090	40,184
Net Assets at Beginning of Year	1,430,870	16,300	1,447,170
Net Assets at End of Year	\$ 1,460,964	\$ 26,390	\$ 1,487,354

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2018 and 2017

	2018								
	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Supportive Housing	The Yellow House	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ 150	\$ 48	\$ 1,113	\$ -	\$ -	\$ -	\$ 625	\$ 800	\$ 1,079
Automobile	741	6,256	4,598	-	173	-	5,307	5,336	4,597
Bad Debts	-	-	-	-	5,520	-	-	-	-
Bank Service Charge	-	588	-	-	15	-	-	-	-
Contract Services	-	14,784	-	-	-	-	-	-	-
Depreciation and Amortization	17,470	3,807	1,709	-	58,236	61	248	7,166	8,460
Dues and Subscriptions	-	2,771	83	-	-	-	83	83	-
Equipment (<\$1,000)	-	-	382	-	1,567	-	805	1,095	85
Fundraising Fees	-	-	-	-	-	-	-	-	-
Insurance	2,249	4,071	9,384	-	10,854	1,632	6,389	8,423	8,953
Interest Expense	-	4,507	4,198	-	12,595	-	-	6,298	4,198
Licenses and Permits	-	1,436	472	-	-	-	52	22	472
Meals	-	691	-	-	-	-	-	-	-
Miscellaneous	-	352	39	-	-	-	-	-	39
Office Expenses	-	-	-	-	-	-	-	-	100
Printing	-	62	465	-	-	-	493	493	430
Postage	-	214	267	-	-	-	267	267	373
Professional Fees	-	8,330	273	-	2,050	-	453	10,120	173
Program Expense	-	3,769	2,641	-	12,988	-	3,739	5,997	-
Repairs and Maintenance	5,703	8,444	13,569	-	22,445	438	6,570	14,206	9,313
Rent	-	-	-	-	-	-	-	-	-
Rental Assistance	-	-	-	-	-	-	-	-	-
Salaries and Benefits	19,694	31,687	108,109	-	23,050	-	58,911	107,077	155,650
Security Deposit	-	-	-	-	-	-	-	-	-
Software Services	-	710	410	-	-	-	490	710	410
Supplies - Food	350,521	247	10,443	22,035	-	-	-	1,752	10,855
Supplies	905	14,252	6,815	-	100	-	3,141	3,827	3,577
Taxes	1,553	3,985	8,484	-	1,896	-	5,415	8,409	13,250
Telephone	-	684	6,635	-	-	-	2,517	2,517	6,286
Training	-	1,397	116	-	42	-	116	116	116
Travel and Entertainment	-	300	-	-	-	-	-	-	-
Utilities	10,103	1,858	16,041	-	736	2,193	8,386	19,013	18,288
Casualty Loss	-	-	-	-	-	-	-	-	703
Total Expenses	\$ 409,089	\$ 115,250	\$ 196,246	\$ 22,035	\$ 152,267	\$ 4,324	\$ 104,007	\$ 203,727	\$ 247,407

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2018 and 2017

	2018							Total
	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	
Alarm System	\$ -	\$ 660	\$ -	\$ -	\$ 4,475	\$ -	\$ -	\$ 4,475
Automobile	-	-	-	263	27,271	-	-	27,271
Bad Debts	-	1,148	-	-	6,668	-	-	6,668
Bank Service Charge	-	180	-	-	783	98	1,219	2,100
Contract Services	-	-	-	-	14,784	1,660	-	16,444
Depreciation and Amortization	-	17,482	-	-	114,639	-	22,378	137,017
Dues and Subscriptions	-	-	-	-	3,020	-	-	3,020
Equipment (<\$1,000)	-	397	-	-	4,331	-	-	4,331
Fundraising Fees	-	-	-	-	-	-	1,400	1,400
Insurance	-	2,417	-	762	55,134	592	1,568	57,294
Interest Expense	-	6,298	-	-	38,094	-	4,198	42,292
Licenses and Permits	-	-	-	9	2,463	-	-	2,463
Meals	-	-	-	-	691	-	-	691
Miscellaneous	-	-	-	-	430	-	208	638
Office Expenses	-	-	-	-	100	-	-	100
Printing	-	68	-	-	2,011	-	-	2,011
Postage	-	-	-	171	1,559	7	135	1,701
Professional Fees	-	-	-	8,190	29,589	1,000	-	30,589
Program Expense	-	40	-	12,628	41,802	700	21	42,523
Repairs and Maintenance	-	3,377	-	-	84,065	3	3,889	87,957
Rent	-	-	-	-	-	46,787	-	46,787
Rental Assistance	-	-	-	17,234	17,234	-	-	17,234
Salaries and Benefits	-	5,691	-	18,813	528,682	17,209	9,920	555,811
Security Deposit	-	-	-	3,075	3,075	-	-	3,075
Software Services	-	-	-	-	2,730	-	3,091	5,821
Supplies - Food	-	-	-	-	395,853	-	-	395,853
Supplies	2,756	201	-	1,539	37,113	66,214	532	103,859
Taxes	-	1,286	-	1,669	45,947	1,800	840	48,587
Telephone	-	-	-	764	19,403	-	-	19,403
Training	-	-	-	16	1,919	-	100	2,019
Travel and Entertainment	-	-	-	-	300	-	-	300
Utilities	-	12,003	2,206	2,434	93,261	-	-	93,261
Casualty Loss	-	-	-	-	703	-	-	703
Total Expenses	\$ 2,756	\$ 51,248	\$ 2,206	\$ 67,567	\$ 1,578,129	\$ 136,070	\$ 49,499	\$ 1,763,698

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2018 and 2017

	2017								
	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Supportive Housing	The Yellow House	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ 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
Total Expenses	<u>\$ 376,026</u>	<u>\$ 156,007</u>	<u>\$ 142,313</u>	<u>\$ 38,806</u>	<u>\$ 118,569</u>	<u>\$ 3,344</u>	<u>\$ 88,397</u>	<u>\$ 193,175</u>	<u>\$ 197,604</u>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Years Ended December 31, 2018 and 2017

	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
Total Expenses	\$ 3,235	\$ 53,480	\$ 2,921	\$ 70	\$ 150,505	\$ 1,524,452	\$ 144,300	\$ 70,952	\$ 1,739,704

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

RAYS OF SONSHINE

Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (120,336)	\$ 40,184
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	137,017	135,760
Forgiveness of Debt	(74,259)	(74,231)
Changes in Assets and Liabilities		
Accounts Receivable	59,577	(46,570)
Prepaid Expenses	(1,281)	(15,625)
Deposits	(500)	338
Accounts Payable	9,638	(1,220)
Deferred Revenue	(52)	(75)
Deposits Received on Rentals	(5,691)	10,588
Accrued Liabilities	(3,101)	5,969
Accrued Interest Payable	(2,361)	2,361
Total Adjustments	<u>118,987</u>	<u>17,295</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,349)</u>	<u>57,479</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(6,927)	(78,505)
Net Cash Provided (Used) by Investing Activities	<u>(6,927)</u>	<u>(78,505)</u>
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(38,170)	(677,593)
Proceeds from New Debt	-	750,315
Net Cash Provided (Used) by Financing Activities	<u>(38,170)</u>	<u>72,722</u>
Increase (Decrease) in Cash	(46,446)	51,696
Cash at Beginning of Year	<u>174,568</u>	<u>122,872</u>
Cash at End of Year	<u>\$ 128,122</u>	<u>\$ 174,568</u>
Non-Cash Transactions are as follows		
Operating Activities		
Donations of Food from Food Bank	\$ 350,521	\$ 333,130
Disbursements of Food by the Zone	(350,521)	(333,130)
Total Operating Activities	-	-
Cash Paid for Interest	<u>\$ 44,653</u>	<u>\$ 60,697</u>

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

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

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, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions). Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

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

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

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

(B) Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without

RAYS OF SONSHINE

Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

(B) *Adoption of Accounting Pronouncement (Continued)*

donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Corporation, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Corporation's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Corporation adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

(C) *Contributions*

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

(D) *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.

(E) *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.

(F) *Liquidity and Availability of Resources*

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

	2018	2017
Cash	\$ 128,122	\$ 174,568
Accounts Receivable – Federal	9,466	26,422
Accounts Receivable – Services	10,659	63,145
Accounts Receivable – United Way	13,368	15,108
Accounts Receivable – Foundation For Louisiana	20,000	–
Accounts Receivable – Other	14,739	23,134
Total	<u>\$ 196,354</u>	<u>\$ 302,377</u>

RAYS OF SONSHINE

Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

(F) *Liquidity and Availability of Resources (Continued)*

The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Amounts not available for general use because of contractual or donor imposed restrictions include, cash in the amount of \$6,291 and accounts receivable from United Way in the amount of \$10,026. Accordingly, all other funds are available to meet the cash needs of the Corporation in the next 12 months. In addition, the Corporation may maintain funds in a reserve for replacement. These funds are used for the benefit of the tenants and/or the Corporation. Such funds are not considered by the Corporation to have donor-restrictions.

(G) *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.

(H) *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

RAYS OF SONSHINE

Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

(I) *Net Assets*

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

Net assets with donor restrictions at December 31, 2018 and 2017 were \$16,317 and \$26,390, respectively.

At December 31, 2018 and 2017, the amount due from the United Way of Northeast Louisiana, Inc. was \$10,026 and \$12,725, contributions restricted for neighborhood clean-up activities per the Atkins Quarters Grant/Donations were \$6,291 and \$11,165 and contributions restricted for the Affordable Housing Donation-Van Trow were \$0 and \$2,500, respectively.

(J) *Grants*

The Corporation receives commodities and other donated food items from the Food Bank of Northeast Louisiana, Inc. (the Food Bank). The Food Bank receives these items as a pass-through grant from the 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.

(K) *Functional Allocation of Expenses*

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

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

(L) Programs

The Corporation's principal programs are as follows:

Manna Pantry – A food pantry which distributes food to those in need. The food is obtained from the Northeast Louisiana Food Bank which includes food from the USDA.

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.

Beard 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.

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.

RAYS OF SONSHINE

Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

(L) *Programs (Continued)*

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

Foundation For Louisiana – This program provides support in providing affordable and supportive housing for very low and low income individuals and single parent households with complicated risk factors.

Living Well Foundation – Subsequent to year end, the Corporation was awarded a grant in the amount of \$23,150 effective from January 1, 2019 through December 31, 2019. This program will upgrade the building in order to provide health and fitness services for the residents throughout the Project.

(M) *Income Taxes*

The Corporation is exempt from income tax under Internal Revenue Code Section 501(c)(3). This code section enables the Corporation to accept donations which qualify as charitable contributions to the donor. The only exception is the income tax paid on gambling proceeds. The Corporation 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, 2017, 2016 and 2015 are subject to examination by the IRS, generally for three years after they are filed.

(N) *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.

Note 3 – Property and Equipment

Property and Equipment consisted of the following:

	December 31,	
	2018	2017
Land	\$ 183,328	\$ 183,328
Buildings	3,193,796	3,193,796
Building Improvements	350,359	346,980
Vehicle	38,918	38,918
Furniture, Fixtures and Equipment	79,360	186,511

RAYS OF SONSHINE

Notes to Financial Statements
For the Years Ended December 31, 2018 and 2017

Note 3 – Property and Equipment (Continued)

Property and Equipment consisted of the following (Continued):

	December 31,	
	2018	2017
Property and Equipment before Accumulated Depreciation	3,845,761	3,949,533
Less: Accumulated Depreciation	<u>(1,062,773)</u>	<u>(1,036,455)</u>
Net Property and Equipment	<u>\$ 2,782,988</u>	<u>\$ 2,913,078</u>

Certain land, building, and improvements are pledged as collateral on a mortgage in favor of Cross Keys Bank at December 31, 2018.

Depreciation charged to expense was \$137,017 and \$135,760 for the years ended December 31, 2018 and 2017, respectively.

Note 4 – Notes Payable

Notes Payable consisted of the following:

	December 31,	
	2018	2017
Mortgage due to Origin Bank		
4.59% interest rate, secured by real estate. Payments are \$372 monthly, due March 31, 2022 with balloon payment due at that time.	\$ 27,352	\$ 30,467
CDBG Loan		
No-interest loan for the purposes of undertaking and satisfactorily completing NSP activities	817,091	891,350
Ally Loan		
3.44% interest rate, secured by vehicle. Payments are \$355 monthly, due October 12, 2021 with balloon payment due at that time.	7,559	11,486
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.	<u>685,269</u>	<u>718,690</u>
Total	1,577,971	1,690,400
Less Current Portion of Notes Payable	<u>(40,700)</u>	<u>(38,407)</u>
Total Long-Term Notes Payable	<u>\$ 1,537,271</u>	<u>\$ 1,651,993</u>

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

Note 4 – Notes Payable (Continued)

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
2019	\$ 40,700	\$ –	\$ 40,700
2020	43,148	–	43,148
2021	45,035	–	45,035
2022	631,997	–	631,997
2023	–	–	–
Thereafter	–	817,091	817,091
Total	\$ 760,880	\$ 817,091	\$ 1,577,971

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. In addition, the Corporation agrees to annually pay to the Louisiana Housing Corporation (LHC) an amount calculated on the total of the annual net revenue from all rental properties under this loan until the loan principal balance has been paid in full. This payment from net revenue shall not be applied towards the reduction of the loan principal balance. At December 31, 2018 and 2017, the Corporation owed LHC \$12,913 and \$0, respectively, which was included in Accounts Payable on the Statement of Financial Positions. During the years ended December 31, 2018 and 2017, the CDBG loan was reduced by \$74,259 and \$74,231, respectively. As of December 31, 2018 and 2017, the balance on the loan was \$817,091 and \$891,350, respectively.

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.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

Note 4 – Notes Payable (Continued)

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. 2nd Street; 610-616 N. 3rd Street; and 3515-3516 S. Grand Street, Monroe, LA 71201.

Louisiana Housing Corporation Permanent Loan Contingent Commitment

The Corporation was informed by the Louisiana Housing Corporation (“LHC”) of their contingent commitment to make available a loan for permanent financing in an amount 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 2nd 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.

Homeland Bank Loan Commitment

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 1st multiple indebtedness mortgage on 7 scattered site residential properties located in Monroe, Ouachita Parish, LA; a 1st multiple indebtedness mortgage on commercial property located at 411 S. 1st Street, Monroe, Ouachita Parish, LA; and assignment of leases and rents on all properties above.

Note 5 – Line of Credit

Origin Bank

On May 30, 2017, the Corporation entered into a line of credit with Origin Bank. The maximum amount of credit that can be drawn is \$50,000. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

Note 5 – Line of Credit (Continued)

Origin Bank (Continued)

time plus 1.0 percentage points, except otherwise provided. The maturity date on the note is May 30, 2020. The note is collateralized by a security interest in the property. During the year December 31, 2018, DHH mandated a \$50,000 line of credit for Rays of Sonshine. The Corporation has obtained both lines of credit with Origin Bank in the total amount of \$100,000. As of the report date, nothing has been drawn on either of the lines of credit.

Homeland Bank

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 1st multiple indebtedness mortgage on 7 scattered site residential properties located in Monroe, Ouachita Parish, LA; a 1st multiple indebtedness mortgage on commercial property located at 411 S. 1st Street, Monroe, Ouachita Parish, LA; and assignment of leases and rents on all properties above.

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 \$163,015 and \$337,822 for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the Corporation received \$258,739 and \$356,048, 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 \$350,521 and \$333,130 for the years ended December 31, 2018 and 2017, respectively. For the years ended December 31, 2018 and 2017, the federal portion of commodities was valued at \$84,837 and \$42,330, respectively.

RAYS OF SONSHINE

Notes to Financial Statements For the Years Ended December 31, 2018 and 2017

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 \$36,612 and \$37,489 during the years ended December 31, 2018 and 2017 of which \$0 and \$0 was paid by Federal grants, respectively. Services performed include lawn care, repairs and maintenance, physical education and charitable gaming.

Additionally, Daniel Printing, an entity owned by the Executive Director's husband, was paid \$1,807 and \$4,732 during the years ended December 31, 2018 and 2017 and was due \$0 and \$0 at December 31, 2018 and 2017, 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.

During the year ended December 31, 2018, the apartment complex was damaged by a tree which fell on the roof. The insurance company paid claims in the amount of \$1,397. The apartment complex incurred costs related to the storm in the amount of \$2,100. For the year ended December 31, 2018, there was a casualty loss of \$703 resulting from the damage as a result of the tree which fell on the roof.

Note 10 – Subsequent Events

The Corporation has evaluated subsequent events through June 26, 2019, 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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2019.

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 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 26, 2019



Little & Assoc.
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2018. 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, 2018.

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. 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 26, 2019

RAYS OF SONSHINE

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2018

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	<u>\$ 84,837</u>
Total Emergency Food Assistance Program (Food Commodities)			84,837
U.S. Department of Homeland Security			
Passed through the United Way			
Emergency Food and Shelter National Board Program	97.024	Not Available	<u>6,685</u>
Total Emergency Food and Shelter National Board Program			6,685
U.S. Department of Housing and Human Development			
Supportive Housing Program	14.235	LA0163L6H051706	52,692
Supportive Housing Program	14.235	LA0117L6H051710	13,774
Supportive Housing Program	14.235	LA0264L6H051608	46,453
Supportive Housing Program	14.235	LA0117L6H051609	<u>145,820</u>
Total Supportive Housing Program			258,739
Passed through the Louisiana Housing Corporation			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not Available	<u>891,350</u>
Total Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii			<u>891,350</u>
Total U.S. Department of Housing and Human Development			<u>1,150,089</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,241,611</u></u>

The accompanying notes are an integral part of this schedule.

RAYS OF SONSHINE

Notes to Schedule of Expenditures of Federal Awards December 31, 2018

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, 2018 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 \$84,837.

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 \$186,805 for 2012 and \$1,411,014 for 2013. In 2018 and 2017, forgiveness of debt in the amount of \$74,259 and \$74,231 was recognized. Total amount recorded as a note payable as of December 31, 2018 was \$817,091.

RAYS OF SONSHINE

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

For the Year Ended December 31, 2018

Agency Head Name: Lynn Daniel

<u>Purpose</u>	<u>Amount</u>
Compensation	\$ 67,745
Reimbursements	<u>123</u>
Total	<u>\$ 67,868</u>

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

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, 2018

Section II – Financial Statement Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2018.

Section III – Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2018.

RAYS OF SONSHINE

Summary Status of Prior Year Audit Findings
For the Year Ended December 31, 2018

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