

**FAITH HOUSE, INC.**

Financial Report

Years Ended June 30, 2017 and 2016

## TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of financial position	4
Statements of activities	5-6
Statements of functional expenses	7-8
Statements of cash flows	9
Notes to financial statements	10-19
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	21-22
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	23-24
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27-28
Summary Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan	29

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Officers and Board of Directors  
Faith House, Inc.  
Lafayette, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Faith House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### *Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Faith House, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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. 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 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 October 19, 2017, on our consideration of Faith House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Faith House, Inc.'s internal control over financial reporting and compliance.

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

Lafayette, Louisiana  
October 19, 2017

## **FINANCIAL STATEMENTS**

FAITH HOUSE, INC.  
Lafayette, Louisiana

Statements of Financial Position  
June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 143,592	\$ 200,151
Certificates of deposit	55,570	132,187
Investments	7,498	5,402
Endowment fund	11,392	10,532
Grants receivable	276,899	295,195
Accrued interest receivable	62	79
Other receivables	-	1,500
Prepaid expenses	12,497	12,137
Total current assets	507,510	657,183
Property and equipment, net	1,478,825	1,398,441
Other assets:		
Utility deposits	-	55
Total assets	\$ 1,986,335	\$ 2,055,679
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 5,770	\$ 6,048
Payroll tax liabilities	3,134	14,345
Other current liabilities	31,651	19,418
Total current liabilities	40,555	39,811
Noncurrent liabilities:		
Long-term debt, less current portion	150,000	-
Total Liabilities	190,555	39,811
Net assets:		
Unrestricted-		
Designated	11,392	10,532
Undesignated	1,744,836	1,977,673
Total unrestricted net assets	1,756,228	1,988,205
Temporarily restricted	39,552	27,663
Total net assets	1,795,780	2,015,868
Total liabilities and net assets	\$ 1,986,335	\$ 2,055,679

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Statement of Activities  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications:			
Grants:			
Federal	\$ 1,349,579	\$ -	\$ 1,349,579
State	385,919	-	385,919
Local	253,553	17,000	270,553
Total grants	1,989,051	17,000	2,006,051
Public support donations	175,391	31,825	207,216
Fundraising	121,305	-	121,305
In-kind donations	415,318	-	415,318
Other income	12,690	-	12,690
Investment income	1,206	-	1,206
Unrealized gain on investments	2,807	-	2,807
Net assets released from restrictions	36,936	(36,936)	-
Total support, revenues and reclassifications	2,754,704	11,889	2,766,593
Expenses and losses:			
Program services-			
Shelter and services	2,647,971	-	2,647,971
Supporting services -			
Management and general	278,326	-	278,326
Fundraising	60,384	-	60,384
Total supporting services	338,710	-	338,710
Total expenses	2,986,681	-	2,986,681
Change in net assets	(231,977)	11,889	(220,088)
Net assets, beginning of year	1,988,205	27,663	2,015,868
Net assets, end of year	\$ 1,756,228	\$ 39,552	\$ 1,795,780

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Statement of Activities  
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Support, revenues and reclassifications:			
Grants:			
Federal	\$ 1,145,963	\$ -	\$ 1,145,963
State	397,105	-	397,105
Local	266,953	6,476	273,429
Total grants	1,810,021	6,476	1,816,497
Public support donations	288,668	21,187	309,855
Fundraising	115,441	-	115,441
In-kind donations	420,975	-	420,975
Other income	16,556	-	16,556
Investment income	1,517	-	1,517
Unrealized loss on investments	(1,118)	-	(1,118)
Net assets released from restrictions	22,954	(22,954)	-
Total support, revenues and reclassifications	2,675,014	4,709	2,679,723
Expenses and losses:			
Program services-			
Shelter and services	2,401,315	-	2,401,315
Supporting services -			
Management and general	291,588	-	291,588
Fundraising	44,049	-	44,049
Total supporting services	335,637	-	335,637
Total expenses	2,736,952	-	2,736,952
Change in net assets	(61,938)	4,709	(57,229)
Net assets, beginning of year	2,050,143	22,954	2,073,097
Net assets, end of year	\$ 1,988,205	\$ 27,663	\$ 2,015,868

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Statement of Functional Expenses  
For The Year Ended June 30, 2017

	Program	Supporting Services			Total Expenses
	Services	Management and General	Fundraising	Total Supporting Services	
	Shelter and Services				
Advertising	\$ 90	\$ 180	\$ -	\$ 180	\$ 270
Bank charges	-	1,141	-	1,141	1,141
Client expenses	159,339	-	-	-	159,339
Dues and subscriptions	1,898	7,519	-	7,519	9,417
Equipment	18,628	846	-	846	19,474
Food supplies	20,774	1,598	4,172	5,770	26,544
In-kind donations	406,124	9,194	-	9,194	415,318
Insurance - group health	209,916	30,313	6,231	36,544	246,460
Insurance - shelter	44,580	-	-	-	44,580
Insurance - workers' compensation	19,493	2,815	579	3,394	22,887
Library and videos	690	-	-	-	690
Miscellaneous	2,006	2,582	18	2,600	4,606
Office expense	16,910	236	73	309	17,219
Outside services	51,931	-	-	-	51,931
Payroll taxes	95,219	12,524	2,575	15,099	110,318
Postage	2,592	349	-	349	2,941
Printing	11,043	68	255	323	11,366
Professional development	8,470	197	-	197	8,667
Legal and accounting	9,354	9,523	-	9,523	18,877
Rent	55,303	-	2,688	2,688	57,991
Repairs and maintenance	31,828	1,343	-	1,343	33,171
Retirement	22,204	4,318	888	5,206	27,410
Salaries and wages	1,215,049	175,465	36,067	211,532	1,426,581
Special projects	444	2,458	6,476	8,934	9,378
Supplies - other	13,586	337	234	571	14,157
Telephone	36,241	552	-	552	36,793
Travel	34,121	2,611	28	2,639	36,760
Utilities	61,784	-	100	100	61,884
Total expenses before depreciation	2,549,617	266,169	60,384	326,553	2,876,170
Depreciation	98,354	12,157	-	12,157	110,511
Total	<u>\$ 2,647,971</u>	<u>\$ 278,326</u>	<u>\$ 60,384</u>	<u>\$ 338,710</u>	<u>\$ 2,986,681</u>

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Statement of Functional Expenses  
For The Year Ended June 30, 2016

	Program	Supporting Services			Total
	Services	Management	Fundraising	Total	
	Shelter and Services	and General		Supporting Services	Expenses
Advertising	\$ 379	\$ 1,214	\$ -	\$ 1,214	\$ 1,593
Bank charges	-	315	-	315	315
Client expenses	162,554	-	-	-	162,554
Dues and subscriptions	1,949	5,623	-	5,623	7,572
Equipment	24,929	9,972	-	9,972	34,901
Food supplies	16,988	3,054	-	3,054	20,042
In-kind donations	414,565	6,410	-	6,410	420,975
Insurance - group health	163,032	23,543	4,839	28,382	191,414
Insurance - shelter	42,418	-	-	-	42,418
Insurance - workers' compensation	17,166	2,479	510	2,989	20,155
Library and videos	1,122	-	-	-	1,122
Miscellaneous	624	3,824	1,949	5,773	6,397
Office expense	17,695	431	-	431	18,126
Outside services	38,436	5,032	-	5,032	43,468
Payroll taxes	87,309	11,484	2,361	13,845	101,154
Postage	2,242	134	-	134	2,376
Printing	8,936	397	-	397	9,333
Professional development	4,650	18,937	-	18,937	23,587
Legal and accounting	7,765	8,594	-	8,594	16,359
Rent	56,396	1,208	1,096	2,304	58,700
Repairs and maintenance	46,137	10,608	-	10,608	56,745
Retirement	21,333	4,149	853	5,002	26,335
Salaries and wages	1,039,525	150,118	30,857	180,975	1,220,500
Special projects	200	2,037	1,433	3,470	3,670
Supplies - other	16,149	194	151	345	16,494
Telephone	34,242	2,096	-	2,096	36,338
Travel	33,218	5,683	-	5,683	38,901
Utilities	49,697	2,723	-	2,723	52,420
Total expenses before depreciation	2,309,656	280,259	44,049	324,308	2,633,964
Depreciation	91,659	11,329	-	11,329	102,988
Total	<u>\$ 2,401,315</u>	<u>\$ 291,588</u>	<u>\$ 44,049</u>	<u>\$ 335,637</u>	<u>\$ 2,736,952</u>

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Statements of Cash Flows  
For The Year Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Decrease in net assets	\$ (220,088)	\$ (57,229)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities -		
Depreciation	110,511	102,988
Unrealized (gain) loss on investments	(2,807)	1,118
Change in current assets and liabilities:		
Grants receivable	18,296	(43,889)
Accrued interest receivable	17	(37)
Other receivables	1,500	451
Prepaid expenses	(360)	(779)
Deposits	55	-
Accounts and payroll withholdings payable	(11,489)	13,538
Notes payable	150,000	-
Other current liabilities	12,233	(22,769)
Deferred revenue	-	(22,500)
Net cash provided (used) by investing activities	57,868	(29,108)
Cash flows from investing activities:		
Purchase of certificate of deposit	76,617	(61)
Purchase of investments	(149)	(159)
Purchase of property and equipment	(190,895)	(54,636)
Net cash used by investing activities	(114,427)	(54,856)
Net decrease in cash and cash equivalents	(56,559)	(83,964)
Cash and cash equivalents, beginning of year	200,151	284,115
Cash and cash equivalents, end of year	\$ 143,592	\$ 200,151

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Faith House, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana. The Organization provides a temporary shelter and services for battered women and their children in crisis situations. Other services provided by the Organization include crisis counseling, after care to victims of domestic violence, and community education about domestic violence. The Organization's services are available to residents of Lafayette, Vermilion, Acadia, Evangeline, Rapides, Avoyelles, and St. Landry parishes.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

C. Cash and Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Certificates of Deposit

Certificates of deposit are presented in the financial statements at cost which approximates fair market value.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

E. Investments and Related Income, Gains, and Losses

In accordance with FASB ASC subtopic 958-320, “*Not-for-Profit Entities-Investments-Debt and Equity Securities*”, the Organization carries investments securities at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

F. Grants Receivable/Deferred Revenues

Grants receivable and deferred revenues from grants and other support are recognized only to the extent that related expenses have been incurred.

Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free discount rates applicable to the years in which the promises are to be received.

G. Property and Equipment

Property and equipment are valued at cost, if purchased. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed asset must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expire over the useful lives of the assets. Depreciation is computed by the straight line method at rates based on the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7 - 39 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 years

H. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

I. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

J. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's tax-exempt status has no effect on its liability for any federal excise taxes. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, and 2016 are subject to examination by the IRS, generally three years after they are filed.

K. Compensated Absences

Vacation and sick leave are recorded as expenses of the period in which earned. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon retirement for all employees. At June 30, 2017 and 2016, the accrued vacation leave amounted to \$21,378 and \$12,926, respectively.

L. Donated Facilities, Materials, and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied; however, these services are valuable to the Organization's programs. The value of donated services not reflected in the financial statements for the years ended June 30, 2017 and 2016 are estimated at \$94,322 and \$24,920, respectively.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

Donations meeting the criteria are recorded at estimated fair value as follows:

	2017	2016
Program services:		
Clothing and supplies	\$ 404,719	\$ 414,565
Professional services	1,405	-
Fundraising:		
Advertising	-	4,500
Materials and supplies	9,194	1,910
Total	\$ 415,318	\$ 420,975

M. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$270 and \$6,093 for the years ended June 30, 2017 and 2016, respectively.

N. Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(2) Investments

Investments are carried at fair value based on quoted market prices in active markets (all Level 1 Measurements) and consist of the following at June 30, 2017 and 2016:

Investment Type	June 30, 2017		June 30, 2016	
	Cost	Fair Value	Cost	Fair Value
Common stocks	\$ 6,097	\$ 7,498	\$ 6,097	\$ 5,403
Mutual funds	9,830	10,463	9,830	9,962
Money market	569	929	569	569
	\$ 16,496	\$ 18,890	\$ 16,496	\$ 15,934

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(3) Endowment Fund

On October 7, 2009, Faith House, Inc. and the Community Foundation of Acadiana (Foundation) entered into an agreement for an endowment fund to support the mission of the Organization. The Board designated \$100 for endowment purposes for each of the years ended June 30, 2017 and 2016, respectively. The contributions made are irrevocable except as specifically provided in the agreement. The fund is invested in 50% equity funds, 45% in fixed income funds, and 5% in money market funds. The assets of the fund shall be held and invested by the Foundation. There were no distributions from the fund during the years ended June 30, 2017 and 2016.

Composition and changes in endowment net assets for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Board-designated endowment net assets, beginning of year	\$ 10,532	\$ 10,470
Contributions	100	100
Net unrealized/realized gain (loss)	823	41
Interest	49	60
Fees	(112)	(139)
Board-designated endowment net assets, end of year	\$ 11,392	\$ 10,532

(4) Property and Equipment

Property and equipment consist of the following as of June 30, 2017 and 2016:

	2017	2016
Land	\$ 190,536	\$ 34,280
Buildings and improvements	2,134,726	2,134,726
Furniture and fixtures	126,126	121,436
Machinery and equipment	302,966	273,017
Vehicles	71,171	71,171
Total property and equipment	2,825,525	2,634,630
Less: Accumulated depreciation	(1,346,700)	(1,236,189)
Property and equipment, net	\$ 1,478,825	\$ 1,398,441

Total depreciation expense for the years ended June 30, 2017 and 2016 was \$110,511 and \$102,988, respectively.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(5) Long-Term Debt

At June 30, 2017, long-term debt was comprised of the following:

	2017
On November 1, 2016, the Organization entered into a non-interest bearing conditional note agreement in the amount of \$150,000 with Lafayette Public Trust Financing Authority. The note will require no payment until October 31, 2021 for property purchased to support Project Hope. The note will be forgiven after a period of 36 months if the Organization meets the fundraising benchmarks specified within the note agreement.	\$ 150,000

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	2017	2016
Unspent funds from the following:		
Woman's Foundation Grant	\$ -	\$ 6,476
Acadiana Youth, Inc.	-	21,187
Stuller Foundation	10,000	-
Jock Scott Grant	7,000	-
LCADV Financial Empowerment Program	22,552	-
	\$ 39,552	\$ 27,663

(7) Net Assets Released from Restrictions

Detail of net assets released from restrictions for the years ended June 30, 2017 and 2016 follows:

	2017	2016
Purpose restrictions accomplished:		
Verizon Grant	\$ -	\$ 6,000
Woman's Foundation Grant	6,476	8,141
Acadiana Youth, Inc.	21,187	8,813
LCADV Financial Empowerment Program	9,273	-
	\$ 36,936	\$ 22,954

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(8) Grants

Grants consist of the following for the years ended June 30:

	2017	2016
Federal grants:		
U.S. Department of Housing and Urban Development (HUD) - Transitional Development	\$ 55,523	\$ 64,760
Permanent Housing	118,959	117,658
Emergency Solutions	50,000	50,000
U.S. Department of Health and Human Services - Family Violence Prevention	485,661	512,262
U.S. Department of Justice - Crime Victims' Assistance	622,572	384,493
Violence Against Women	16,864	16,790
Total federal grants	1,349,579	1,145,963
State grants:		
State of Louisiana Department of Children and Family Services - Civil fees	13,378	13,136
Marriage license fees	48,767	56,457
Social services	323,774	327,512
Total state grants	385,919	397,105
Local grants:		
Avon Foundation	20,000	16,000
Brown Foundation	10,000	10,000
Local Federal Coordinating Committee - Combined Federal Campaign	69	912
Interest on Lawyers' Trial Association (IOLTA) -	26,312	19,713
Interest on Lawyers' Trial Association (IOLTA) - Central LA	-	11,259
Interest on Lawyers' Trial Association (IOLTA)- FJC Central LA	22,732	-
Jock Scott Community Partnership Panel Grant- LA Bar Foundation	7,000	-
Junior League of Lafayette	-	6,924
Lafayette Consolidated Government	13,928	13,752
Lourdes Foundation	2,000	3,000
Mary Kay Foundation	20,000	-
Private grants and foundations	4,500	10,000
Stuller Foundation	10,000	20,000

(continued)

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(8) Grants (continued)

United Way of Acadiana -		
Designated funds	8,780	6,694
Rural crisis outreach	9,383	13,553
Food safety	5,029	7,264
Shelter program	21,127	31,991
Reader Ready	14,895	17,453
Economic Empowerment	14,063	24,375
United Way of Central LA	40,985	39,039
United Way of St. Landry	4,750	5,500
Woman's Foundation	<u>15,000</u>	<u>16,000</u>
Total local grants	<u>270,553</u>	<u>273,429</u>
Total grants	<u>\$ 2,006,051</u>	<u>\$ 1,816,497</u>

(9) Retirement Plan

The Organization adopted a 403(b) Thrift Plan that is maintained for its qualifying employees. The plan covers all full-time employees. To be eligible for employer matching contributions, employees must be at least 21 years of age and have a minimum of one year of service. The plan allows elective employee contributions of up to 100% of the respective employee's compensation. The Organization is required to make contributions to the plan based on a fixed percentage. The Organization made contributions of \$27,410 and \$26,335 for the years ended June 30, 2017 and 2016, respectively.

(10) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 inputs are unobservable inputs for the asset or liability.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

The following methods and assumptions were used by the Organization in estimating fair values of financial instruments:

- a. The carrying amount reported in the statement of financial position for the following approximates fair value due to the short maturities of these instruments: cash, accounts receivable, and accounts payable.
- b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2017 and 2016:

Description	June 30, 2017			
	Total	(Level 1)	(Level 2)	(Level 3)
Common stocks	\$ 7,498	\$ 7,498	\$ -	\$ -
Mutual funds	10,463	10,463	-	-
Money market	929	929	-	-
	<u>\$ 18,890</u>	<u>\$ 18,890</u>	<u>\$ -</u>	<u>\$ -</u>

  

Description	June 30, 2016			
	Total	(Level 1)	(Level 2)	(Level 3)
Common stocks	\$ 5,403	\$ 5,403	\$ -	\$ -
Mutual funds	9,962	9,962	-	-
Money market	569	569	-	-
	<u>\$ 15,934</u>	<u>\$ 15,934</u>	<u>\$ -</u>	<u>\$ -</u>

(11) Concentration of Credit Risk

The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 and 2016, the Organization's cash balances were fully secured.

(12) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Faith House, Inc. expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

FAITH HOUSE, INC  
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(13) Risk Management

The Faith House, Inc. is exposed to risks of loss in the areas of health care, general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

(14) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits and other payments to Billi Lacombe, Executive Director, for the year ended June 30, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 78,005
Benefits - insurance	5,801
Benefits - retirement	2,340
Benefits - phone stipend	300
Per diem	797
Travel	2,224
Registration fees	875
Conference travel	2,925

(15) Subsequent Event Review

The Organization's management has evaluated subsequent events through October 19, 2017, the date which the financial statements were available to be issued.

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## 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  
Faith House, Inc.  
Lafayette, 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 the Faith House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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 October 19, 2017.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Faith House, Inc.'s (Organization) 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 the Faith House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 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 suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Lafayette, Louisiana  
October 19, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## 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  
Faith House, Inc.  
Lafayette, Louisiana

### Report on Compliance for Each Major Federal Program

We have audited Faith House, Inc.'s (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal program for the year ended June 30, 2017. The Organization'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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation 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 the Organization'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 the Organization's compliance.

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

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 the Organization'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. However, this report is a matter of public record and its distribution is not limited.

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

Lafayette, Louisiana  
October 19, 2017

FAITH HOUSE, INC.  
Lafayette, Louisiana

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Federal Assistance I.D. Number	Pass- Through Grantor's Number	Federal Expenditures
Direct Programs:				
U. S. Department of Housing and Urban Development -				
Supportive Housing Program	14.235	LA0170L6H001508	N/A	\$ 55,523
Supportive Housing Program	14.235	LA0170L6H001403	N/A	17,173
Supportive Housing Program	14.235	LA0170L6H001504	N/A	<u>101,786</u>
Total direct programs				<u>174,482</u>
Pass-through Programs:				
U. S. Department of Health and Human Services -				
State of Louisiana Department of Children				
and Family Services:				
Family Violence Prevention Services Program	93.671	N/A	N/A	<u>485,661</u>
U. S. Department of Housing and Urban Development -				
Louisiana Housing Corporation:				
Lafayette City-Parish Consolidated Government -				
Emergency Solutions Grant Program	14.231	N/A	N/A	<u>50,000</u>
U. S. Department of Justice -				
Louisiana Commission on Law Enforcement:				
Crime Victim Assistance -				
Domestic Violence Program 3*	16.575	2015-VA-GX-0003	2015-VA-02-2770	138,046
Domestic Violence Program 4*	16.575	2015-VA-GX-0003	2015-VA-02-2836	217,267
Family Justice Center 4*	16.575	2015-VA-GX-0003	2015-VA-02-2854	115,325
Family Justice Center 3*	16.575	2015-VA-GX-0003	2015-VA-02-2862	<u>151,934</u>
				<u>622,572</u>
Violence Against Women Formula Grants -				
STOP Violence Against Women	16.588	2015-WF-AX-0036	2015-WF-03-3146	8,294
STOP Violence Against Women	16.588	2016-WF-AX-0041	2016-WF-03-3610	<u>8,570</u>
				<u>16,864</u>
Total pass-through programs				<u>1,175,097</u>
TOTAL FEDERAL AWARDS				<u>\$ 1,349,579</u>

\*Indicates major program.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Faith House, Inc. (a nonprofit organization). Faith House, Inc.'s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2017. All federal financial assistance received directly from federal agencies is included in the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to Faith House, Inc.'s financial statements for the year ended June 30, 2017.

(3) Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate.

(4) Relationship to Financial Statements

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

Statement of Activities-	
Federal grants	<u>\$1,349,579</u>

FAITH HOUSE, INC.  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

Part I. Summary of Auditors' Results:

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Faith House, Inc. were prepared in accordance with GAAP.
2. There were no significant deficiencies in internal control over financial reporting that were disclosed during the audit of the financial statements. There was no material weaknesses reported.
3. No instances of noncompliance material to the financial statements of Faith House, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies in internal control over the major federal award program disclosed during the audit. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award program for Faith House, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as a major program was: Crime Victim Assistance (16.575).
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Faith House, Inc. was determined to not be a low-risk auditee.

Part II. Findings – Financial Statements Audit:

Internal Control Findings –

There were no internal control findings for the year ended June 30, 2017.

Compliance Findings –

There were no compliance findings for the year ended June 30, 2017.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2017

Part III. Findings and questioned costs – Major Federal Award Programs Audit:

Internal Control Findings -

There are no findings that are required to be reported under the above guidance.

Compliance Findings -

There are no findings that are required to be reported under the above guidance.

FAITH HOUSE, INC.  
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (6/30/2017) --						
<u>Internal Control:</u>						
There were no findings that were required to be reported.						
<u>Compliance:</u>						
There were no findings that were required to be reported.						
PRIOR YEAR (6/30/2016) --						
<u>Internal Control:</u>						
2016-001	2016	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	Yes	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and the related notes prior to approving them and accepting responsibility for their contents and presentation.	Billi Lacombe, Executive Director	6/30/2017
2016-002	2016	Due to the small number of employees involved in accounting operations, the Organization did not have adequate segregation of functions within the accounting system.	Yes	Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	Billi Lacombe, Executive Director	6/30/2017

Compliance:

There were no findings that were required to be reported.

**FAITH HOUSE, INC.**

Agreed-Upon Procedures Report

Year Ended June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

\* A Professional Accounting Corporation

Retired  
Conrad O. Chapman, CPA\* 2006

To the Officers and Board of Directors  
of Faith House, Inc. and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of Faith House, Inc. (a nonprofit organization) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Faith House's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of Faith House is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*There were no exceptions noted as a result of applying this procedure.*

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

*There were no exceptions noted as a result of applying this procedure.*

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

*There were no exceptions noted as a result of applying this procedure.*

d) **Receipts**, including receiving, recording, and preparing deposits

*There were no exceptions noted as a result of applying this procedure.*

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

*There were no exceptions noted as a result of applying this procedure.*

- 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

*There were no exceptions noted as a result of applying this procedure.*

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

*There were no exceptions noted as a result of applying this procedure.*

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

*There were no exceptions noted as a result of applying this procedure.*

- 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. Note: Ethics requirements are not applicable to nonprofits.

*Ethics requirements are not applicable to nonprofit organizations.*

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

*Debt service requirements are not applicable to nonprofit organizations.*

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

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The minutes of the managing board for the fiscal period were obtained and reviewed noting that the board met in accordance with their bylaws.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*The minutes of the managing board for the fiscal period were obtained and reviewed noting that the minutes did include monthly budget-to-actual comparisons.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*The minutes of the managing board for the fiscal period were obtained and reviewed noting that budget to actual comparisons did not show deficit spending.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes of the managing board for the fiscal period were obtained and reviewed noting non-budgetary financial information.*

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*A listing of client bank accounts and management's representation that the listing is complete was obtained.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting evidence of management review.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting management had researched reconciling items that had been outstanding for more than 6 months.*

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*A listing of cash collection locations and management's representation that the listing is complete was obtained.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Staff members responsible for collecting cash are bonded and are not responsible for depositing cash in the bank. Staff members responsible for collecting cash are not responsible for recording deposits or for reconciling bank statements. Staff members responsible for collecting cash are not required to share a drawer with another person.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Written documentation was obtained from management, noting the person responsible for cash collections is not also responsible for recording deposits into the general ledger.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Collection documentation was obtained, noting that the date checks are received is not documented; therefore, the number of days could not be determined.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Collection documentation was obtained and addressed the functions noted above.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*Written documentation was obtained from management, noting the completeness of all collections by a person not responsible for collection.*

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*A listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Prior to May 2017 the Organization did not have a purchase order policy. There were no exceptions noted as a result of applying this procedure to disbursements tested after this date.*

b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Prior to May 2017 the Organization did not have a purchase order policy. There were no exceptions noted as a result of applying this procedure to disbursements tested after this date.*

c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Prior to May 2017 the Organization did not have a purchase order policy. There were no exceptions noted as a result of applying this procedure to disbursements tested after this date.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Written documentation was obtained from management, noting the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Written documentation was obtained from management, noting the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Checks are electronically printed on blank check stock. Written documentation was obtained from management, noting the persons with signatory authority do not have access to print checks.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*The entity does not use signature stamps or a signature machine.*

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

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

*A listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*One-third of the cards were randomly selected.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

*Monthly statements were obtained noting evidence that the statements and supporting documentation were reviewed and approved by someone other than the authorized card holder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*Monthly statements were obtained noting no evidence that finance charges or late fees were assessed on the selected statements.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Two of the transactions selected were not supported by an original itemized receipt.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*The entity adopted new written policies for credit card transactions in May 2017. There were no exceptions noted as a result of applying this procedure to transactions tested after this date.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*The entity adopted new written policies for credit card transactions in May 2017. There were no exceptions noted as a result of applying this procedure to transactions tested after this date.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*Written documentation was obtained, noting no exceptions to Louisiana Public Bid Law.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

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

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*A listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Written documentation was obtained from management, noting mileage reimbursements are paid in accordance with the Louisiana State Travel Policy Guidelines.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

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

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

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

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

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

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

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

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

## ***Contracts***

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- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete was obtained.*

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*For the vendors selected, formal/written contracts supporting the services arrangement and the amount paid were noted.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*Contracts selected for testing were not subject to the Louisiana Public Bid Law or Procurement Code.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Contracts selected were related to building rentals and quotes were not solicited.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*None of the contracts selected were amended.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

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

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

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

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

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*A listing of employees with their related salaries and management's representation that the listing is complete was obtained. Five employees were randomly selected and their personnel files were obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

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

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

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

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

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

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

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

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

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

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

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

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

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

### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Ethics requirements are not applicable to nonprofit organizations.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Ethics requirements are not applicable to nonprofit organizations.*

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

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Debt service requirements are not applicable to nonprofit organizations.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Debt service requirements are not applicable to nonprofit organizations.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Debt service requirements are not applicable to nonprofit organizations.*

***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*Required notices were posted on the entity's premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

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

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Faith House, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Lafayette, Louisiana  
October 19, 2017