

SPIRIT OF CHARITY FOUNDATION
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Spirit of Charity Foundation (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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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.



To the Board of Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spirit of Charity Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head 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 25, 2017, on our consideration of Spirit of Charity Foundation'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 the 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 Spirit of Charity Foundation's internal control over financial reporting and compliance.

New Orleans, Louisiana
October 25, 2017

Certified Public Accountants

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 261,737	\$ 409,342
Cash held for agencies	37,185	43,029
Interest receivable	3,523	3,682
Prepaid expenses	1,690	1,675
Investments	<u>784,645</u>	<u>727,010</u>
 Total assets	 <u>\$ 1,088,780</u>	 <u>\$ 1,184,738</u>
 <u>LIABILITIES:</u>		
Accounts payable	\$ 8,054	\$ 9,613
Accrued payroll liabilities	11,032	1,626
Deferred revenue	7,800	2,400
Funds held for agencies	<u>37,185</u>	<u>43,029</u>
 Total liabilities	 <u>64,071</u>	 <u>56,668</u>
 <u>NET ASSETS:</u>		
Unrestricted:		
Undesignated	681,238	817,831
Board designated	<u>2,114</u>	<u>-</u>
 Total unrestricted	 683,352	 817,831
Temporarily restricted	<u>341,357</u>	<u>310,239</u>
 Total net assets	 <u>1,024,709</u>	 <u>1,128,070</u>
 Total liabilities and net assets	 <u>\$ 1,088,780</u>	 <u>\$ 1,184,738</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES, GAINS AND OTHER SUPPORT:</u>			
Contributions	\$ 49,086	\$ 44,000	\$ 93,086
Grant revenue	-	5,500	5,500
Registration income	1,500	-	1,500
Fundraising income	72,429	-	72,429
Interest income	19,325	-	19,325
Net realized and unrealized gains (losses) on investments	(14,158)	-	(14,158)
Other income	75	-	75
	<hr/>	<hr/>	<hr/>
Total revenue	128,257	49,500	177,757
Net assets released from restrictions	18,382	(18,382)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	146,639	31,118	177,757
<u>EXPENSES:</u>			
Program services	138,581	-	138,581
Supporting services:			
Fundraising	41,231	-	41,231
Management and general	101,306	-	101,306
	<hr/>	<hr/>	<hr/>
Total expenses	281,118	-	281,118
Change in net assets	(134,479)	31,118	(103,361)
Net assets, beginning of year	817,831	310,239	1,128,070
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 683,352	\$ 341,357	\$ 1,024,709
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See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
<u>REVENUES, GAINS AND OTHER SUPPORT:</u>			
Contributions	\$ 1,322	\$ 12,529	\$ 13,851
Grant revenue	-	65,500	65,500
Registration income	-	-	-
Fundraising income	72,291	795	73,086
Interest income	18,127	-	18,127
Net realized and unrealized gains (losses) on investments	16,757	-	16,757
Other income	5,850	-	5,850
Total revenue	114,347	78,824	193,171
Net assets released from restrictions	22,204	(22,204)	-
Total revenues, gains and other support	136,551	56,620	193,171
<u>EXPENSES:</u>			
Program services	51,397	-	51,397
Supporting services:			
Fundraising	27,851	-	27,851
Management and general	95,694	-	95,694
Total expenses	174,942	-	174,942
Change in net assets	(38,391)	56,620	18,229
Net assets, beginning of year	856,222	253,619	1,109,841
Net assets, end of year	\$ 817,831	\$ 310,239	\$ 1,128,070

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
<u>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (103,361)	\$ 18,229
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Realized (gain) loss on investments	2,004	(2,690)
Unrealized (gain) loss on investments	12,154	(14,067)
(Increase) decrease in:		
Interest receivable	159	(175)
Prepaid expenses	(15)	30
Increase (decrease) in:		
Accounts payable	(1,559)	9,613
Accrued payroll liabilities	9,406	287
Deferred revenue	5,400	(5,100)
	(75,812)	6,127
<u>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</u>		
Proceeds from sale of investments	465,059	397,706
Purchase of investments	(536,852)	(334,098)
	(71,793)	63,608
Net cash from (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	(147,605)	69,735
Cash and cash equivalents, beginning of year	409,342	339,607
Cash and cash equivalents, end of year	\$ 261,737	\$ 409,342

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Advertising expense	\$ -	\$ -	\$ 35	\$ 35
Awards and gifts	1,480	-	990	2,470
Books expense	1,451	-	-	1,451
Donations made	2,500	-	-	2,500
Dues and subscriptions	-	-	15	15
Equipment contributions	17,490	-	-	17,490
Event expenses	-	24,787	-	24,787
Grants	71,482	-	-	71,482
Insurance	-	-	6,494	6,494
Meals	1,473	-	2,577	4,050
Medical supplies	25,528	-	-	25,528
Miscellaneous expense	667	-	6,997	7,664
Office expenses	87	-	1,093	1,180
Postage	-	-	286	286
Professional fees	12,000	-	11,722	23,722
Training and seminars	858	-	-	858
Travel	3,565	-	-	3,565
Wages and related expenses	-	16,444	71,097	87,541
Total expenses	<u>\$ 138,581</u>	<u>\$ 41,231</u>	<u>\$ 101,306</u>	<u>\$ 281,118</u>

SPIRIT OF CHARITY FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Awards and gifts	\$ -	\$ -	\$ 2,409	\$ 2,409
Books expense	1,274	-	-	1,274
Donations made	435	-	-	435
Equipment contributions	5,847	-	-	5,847
Event expenses	-	27,851	-	27,851
Grants, net of returns	(3,815)	-	-	(3,815)
Insurance	-	-	8,137	8,137
Meals	-	-	1,566	1,566
Medical supplies	23,894	-	-	23,894
Miscellaneous expense	253	-	4,939	5,192
Office expenses	-	-	1,257	1,257
Postage	-	-	277	277
Professional fees	20,000	-	11,117	31,117
Travel	2,731	-	-	2,731
Utilities	778	-	-	778
Wages and related expenses	-	-	65,992	65,992
Total expenses	<u>\$ 51,397</u>	<u>\$ 27,851</u>	<u>\$ 95,694</u>	<u>\$ 174,942</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(1) NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Spirit of Charity Foundation (the Foundation) was incorporated in November 1993. The Foundation was originally known as The University Hospital Foundation and then the Medical Center of Louisiana Foundation, and has its purpose to support and facilitate patient-centered care within the University Medical Center New Orleans (UMCNO). This includes actively promoting health and wellness and to advance medical research and education through fundraising efforts for the benefit of the UMCNO, its patients and friends.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. In-kind contributions are recognized at the fair market value when received.

Use of Estimates

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

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 may or will be met by actions of the Foundation and/or the passage of time.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Financial Statement Presentation (Continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. The Foundation has no permanently restricted net assets.

Investments

Investments, consisting of government and agency securities and corporate bonds, are recorded at fair value. Unrealized gains and losses on investments with readily available market values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and generated by the entity itself.

No Level 2 or Level 3 inputs were used by the Foundation.

Equipment

Items capitalized as part of equipment are valued at cost. Normal repairs and maintenance are charged to expense when incurred. Expenditures which materially extend the useful lives of capital assets are capitalized.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less and all certificates of deposit to be cash equivalents.

Contributed Services

During the years ended June 30, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Income Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes. Based upon the amount of its investment income and the comparison of its public support, the Foundation qualifies for non-private foundation status under Section 509(a)(2) of the Internal Revenue Code; therefore, the Foundation's tax-exempt status extends to its net investment income.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(1) **NATURE OF OPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Tax Status (continued)

FASB ASC 740-10-et al prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. FASB ASC 740-10-et al requires the affirmative evaluation that is more likely-than-not, based on the technical merits of a tax position, that an enterprise is entitled to economic benefits resulting from positions taken in income tax returns. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. FASB ASC 740-10-et al also requires the Foundation to disclose additional quantitative and qualitative information in their financial statements about uncertain tax positions.

The Foundation's evaluation as of June 30, 2017 revealed no tax positions that would have a material impact on the financial statements. The 2013 through 2016 tax years remain subject to examination by the IRS. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through October 25, 2017, which is the date the financial statements were available to be issued.

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(2) INVESTMENTS

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1).

The fair value of investments are summarized as follows at June 30:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Unrestricted:				
Corporate bonds	\$ 274,886	\$ 276,648	\$ 256,101	\$ 261,958
Government securities and other agencies	314,452	299,094	449,240	457,351
Mutual Funds/CEF/UIT	<u>207,461</u>	<u>208,903</u>	<u>7,672</u>	<u>7,701</u>
Total unrestricted Investments	<u>\$ 796,799</u>	<u>\$ 784,645</u>	<u>\$ 713,013</u>	<u>\$ 727,010</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 19,059	\$ 16,892
Net gain (loss) on sale of investments	(2,004)	2,690
Management fees	(6,359)	(4,354)
Net unrealized gain (loss) in value of investments	<u>(12,154)</u>	<u>14,067</u>
Total return on investments	<u>\$ (1,458)</u>	<u>\$ 29,295</u>

(3) FUNDS HELD FOR AGENCIES

At June 30, 2017 and 2016, the Foundation held \$37,185 and \$43,029, of funds for the Trauma department. The financial effects of transactions related to agency funds are recorded as changes in funds held for agencies and are not included in the statements of activities. The changes in the funds held for agencies are summarized as follows:

	<u>2017</u>	<u>2016</u>
Agency funds received	\$ 400	\$ 4
Distributions to agencies	<u>(6,244)</u>	<u>(4,253)</u>
Change in balance	(5,844)	(4,249)
Beginning balance	<u>43,029</u>	<u>47,278</u>
Ending balance	<u>\$ 37,185</u>	<u>\$ 43,029</u>

SPIRIT OF CHARITY FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(4) DESIGNATED NET ASSETS

Net assets at June 30, 2017 and 2016 includes \$2,114 and \$-, respectively, of assets which were designated by the Board of Trustees to be used for the future funding of the Reach Out and Read program.

(5) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2017 and 2016 include:

	2017	2016
Reach Out and Read	\$ -	\$ 4,165
Charles Wetmore Foundation	59,084	59,848
Telemedicine and Health Management Program	154,676	154,676
Almar Foundation	41,047	5,000
Patient Education Units	86,550	86,550
Total temporarily restricted net assets	\$ 341,357	\$ 310,239

(6) CONCENTRATIONS

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents in various financial institutions in Louisiana. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. At June 30, 2017 and 2016, the Foundation had no uninsured cash.

Concentration of Revenue

Approximately 41% and 38% of the Foundation's funding is provided from the Spirit of Charity fundraiser for the years ended June 30, 2017 and 2016, respectively.

Approximately 25% of the Foundation's funding is provided by one contribution for the year ended June 30, 2017.

(7) RELATED PARTY TRANSACTIONS

The Foundation provided a Board Member with a \$20,000 grant for medical research through LSUHSC, an affiliated organization, as intermediary.

The University Medical Center of New Orleans, an affiliate, provides office space to the Foundation at no charge.

SPIRIT OF CHARITY FOUNDATION
SCHEDULE OF COMPENSATION, BENEFITS , AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Peter DeBlieux*</u>
Time served	07/01/16 through 06/30/17
Reimbursements	\$ _____ -
Total compensation, benefits, and other payments	<u>\$ _____ -</u>

*Note: Peter DeBlieux serves in the capacity as a volunteer and as such does not receive a salary or related benefits for his time.



**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 Trustees of
Spirit of Charity Foundation
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Spirit of Charity Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Spirit of Charity Foundation'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 the Spirit of Charity Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.



To the Board of Trustees of
Spirit of Charity Foundation
October 25, 2017
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Spirit of Charity Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as public document.

New Orleans, Louisiana
October 25, 2017

A handwritten signature in black ink that reads "Ericksen Krentel LLP".

Certified Public Accountants

SPIRIT OF CHARITY FOUNDATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Spirit of Charity Foundation
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Spirit of Charity Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was issued for the year ended June 30, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended June 30, 2017.

SPIRIT OF CHARITY FOUNDATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

SECTION II FINANCIAL STATEMENT FINDINGS

2016-01 Failure to Timely File 941s

The Internal Revenue Service requires all employers to file the Form 941 quarterly. During testing, it was discovered that the Form 941 was not filed for the first quarter in 2016. We recommend the Foundation immediately file the aforementioned Form 941s and establish procedures to ensure the timely filing of all federal tax returns.

This matter has been resolved.