

CHEZ HOPE, INC.

Financial Statements

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chez Hope, Inc.
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Chez Hope, Inc.'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 Chez Hope, Inc.'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 Chez Hope, Inc. as of June 30, 2020, 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* 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. The schedule of expenditures of federal awards is the responsibility of Chez Hope, Inc.'s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule 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 to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards on pages 17-18 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 December 28, 2020, on our consideration of Chez Hope, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chez Hope, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 28, 2020

FINANCIAL STATEMENTS

CHEZ HOPE, INC.

Statement of Financial Position
June 30, 2020

ASSETS

Current assets	
Cash	\$ 141,381
Grants receivable	214,776
Prepaid expenses	<u>23,026</u>
Total current assets	<u>379,183</u>
Capital assets	
Land	35,000
Other depreciable, net of accumulated depreciation	<u>475,479</u>
Total capital assets	<u>510,479</u>
Total assets	<u>\$ 889,662</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Demand note payable	\$ 301,374
Current portion of notes payable	8,454
Accrued expenses	31,921
Deferred revenue	<u>15,765</u>
Total current liabilities	357,514
Long-term liabilities	
Notes payable, net of current portion	<u>10,426</u>
Total liabilities	<u>367,940</u>
Net assets:	
Without donor restrictions	
Undesignated	426,254
With donor restrictions	<u>95,468</u>
Total net assets	<u>521,722</u>
Total liabilities and net assets	<u>\$ 889,662</u>

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

CHEZ HOPE, INC.
Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Increases in net assets			
Support			
Federal financial assistance			
Department of Children and Family Services	\$ -	\$ 472,056	\$ 472,056
Louisiana Commission on Law Enforcement - KKIDDS	-	205,550	205,550
VAWA	-	20,827	20,827
VOCA	-	490,341	490,341
State financial assistance			
Louisiana Coalition Against Domestic Violence	-	29,246	29,246
Local and private assistance			
United Way	38,906	-	38,906
Donations	25,377	-	25,377
In-kind donations	19,570	-	19,570
Department of Children and Family Services - Marriage Licenses	-	8,802	8,802
St. Mary Parish Government	20,203	-	20,203
Louisiana Bar Foundation - IOLTA	-	76,400	76,400
Total support	<u>104,056</u>	<u>1,303,222</u>	<u>1,407,278</u>
Revenues			
Batterer fees	42,341	-	42,341
Other	32,968	-	32,968
Fundraising	11,949	-	11,949
Gain on asset disposition	1,186	-	1,186
Total revenue	<u>88,444</u>	<u>-</u>	<u>88,444</u>
Total support and revenue	192,500	1,303,222	1,495,722
Assets released from restrictions	<u>1,338,077</u>	<u>(1,338,077)</u>	<u>-</u>
Total increase/(decrease) in net assets	<u>1,530,577</u>	<u>(34,855)</u>	<u>1,495,722</u>
Decreases in net assets			
Program services	1,184,254	-	1,184,254
Supporting services -			
Management and General	269,008	-	269,008
Fundraising	2,901	-	2,901
Total decreases in net assets	<u>1,456,163</u>	<u>-</u>	<u>1,456,163</u>
Changes in net assets	74,414	(34,855)	39,559
Net assets, beginning	<u>351,840</u>	<u>130,323</u>	<u>482,163</u>
Net assets, ending	<u>\$ 426,254</u>	<u>\$ 95,468</u>	<u>\$ 521,722</u>

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

CHEZ HOPE, INC.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Supporting Services	
Automobile	\$ 24,328	\$ 8,109	\$ -	\$ 8,109	\$ 32,437
Bank charges	-	2,274	-	2,274	2,274
Building and auto interest	9,968	525	-	525	10,493
Childrens' program	2,501	-	-	-	2,501
Contract labor	12,250	-	-	-	12,250
Depreciation expense	57,635	5,841	-	5,841	63,476
Dues and subscriptions	506	-	-	-	506
Equipment expense	43,025	-	-	-	43,025
Fundraising expenses	-	-	1,866	1,866	1,866
In-kind donations	19,570	-	-	-	19,570
Insurance	68,040	17,641	206	17,847	85,887
Line of credit interest and finance charges	-	7,235	-	7,235	7,235
Miscellaneous	-	11,572	-	11,572	11,572
Office supplies and expenses	72,875	10,231	-	10,231	83,106
Postage and delivery	-	1,764	-	1,764	1,764
Printing and reproduction	23,290	-	-	-	23,290
Professional fees	-	35,100	-	35,100	35,100
Rent	56,811	-	-	-	56,811
Repairs and maintenance	20,778	-	-	-	20,778
Salaries	582,281	150,042	769	150,811	733,092
Security	5,070	-	-	-	5,070
Shelter supplies	17,948	-	-	-	17,948
Taxes - payroll	48,116	12,400	60	12,460	60,576
Telephone	32,496	3,611	-	3,611	36,107
Travel and entertainment	283	-	-	-	283
Utilities	42,725	2,663	-	2,663	45,388
Victim assistance	43,758	-	-	-	43,758
	<u>\$ 1,184,254</u>	<u>\$ 269,008</u>	<u>\$ 2,901</u>	<u>\$ 271,909</u>	<u>\$ 1,456,163</u>

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

CHEZ HOPE, INC.

Statement of Cash Flows
Year Ended June 30, 2020

Operating activities:	
Revenues collected	\$ 1,485,313
Payments for program services	(1,104,428)
Payments for support services	(262,642)
Payments for fundraising	(2,901)
Interest payments	<u>(10,493)</u>
Net cash provided by operating activities	<u>104,849</u>
Investing activities:	
Proceeds from sale of capital assets	23,424
Acquisition/construction of capital assets	<u>(26,113)</u>
Net cash used by investing activities	<u>(2,689)</u>
Financing activities:	
Payments on long-term debt	(204,294)
Payments on demand note payable	(173,089)
Proceeds from demand note payable	<u>331,356</u>
Net cash used by financing activities	<u>(46,027)</u>
Net change in cash	56,133
Cash, beginning	<u>85,248</u>
Cash, ending	<u>\$ 141,381</u>
Reconciliation of net change in net assets to net cash provided by operating activities	
Change in net assets	\$ 39,559
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	63,476
Gain on asset disposal	(1,186)
Changes in assets and liabilities:	
Grants receivable	(9,223)
Prepaid expenses	(1,575)
Accounts payable	(605)
Accrued expenses	1,614
Deferred revenues	<u>12,789</u>
Total adjustments	<u>65,290</u>
Net cash provided by operating activities	<u>\$ 104,849</u>

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

CHEZ HOPE, INC.

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Nature of organization

Chez Hope, Inc. is a non-profit organization that provides a wide range of services to victims of domestic violence. Its core service is providing shelter and support for victims and children. In addition, a 24-hour crisis line, individual assessment, and case management are provided. Chez Hope, Inc. is also actively involved with community education including law enforcement training and support groups. Chez Hope, Inc. coordinates domestic abuse intervention through the court system and provides additional services to child victims of domestic violence.

B. Economic dependence

Chez Hope, Inc. receives a significant portion of its funding through the Louisiana Department of Children and Family Services and Louisiana Commission on Law Enforcement. Should these agencies cut their funding or disallow items, Chez Hope, Inc. may be required to reduce its services.

C. Significant accounting policies

Financial statement presentation

The financial statements of Chez Hope, Inc. 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 Chez Hope, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

D. Support and expenses

All revenues and support 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 support with donor restrictions that increases that net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as “net assets released from restrictions.”

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

E. Allowance for doubtful accounts

Chez Hope, Inc. considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided.

F. Property and equipment

Purchased property and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with federal grant funds are recorded as contributions with donor restrictions. In the absence of donor stipulations regarding how long the assets must be used, the organization has adopted a policy of implying a time restriction that expires over the useful life of the assets. Chez Hope, Inc. maintains a threshold level of \$2,500 or more for capitalizing assets.

Depreciation is computed by the straight-line method based on the following estimated lives:

	<u>Years</u>
Vehicles	5
Furnishings and equipment	7
Leasehold improvements	10
Buildings	30

G. 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 180 hours of prior unused vacation is payable upon retirement for all employees. At June 30, 2020, the accrued vacation leave amounted to \$26,287.

H. Donated services

Chez Hope, Inc. receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under *FASB Accounting Standards Codification 958-605, Not-for-Profit Entities - Revenue Recognition - Contributions* have not been satisfied.

I. Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking accounts on deposit in a local bank. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020, all funds on deposit were fully insured by FDIC insurance coverage.

For the purposes of the statement of cash flows, Chez Hope, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

J. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

K. Income taxes

Chez Hope, Inc. is recognized by the Internal Revenue Service as a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except to the extent it has unrelated business income. Income from certain activities not directly related to Chez Hope, Inc.'s tax-exempt purpose is subject to taxation. If Chez Hope, Inc. were to be subject to unrelated business income tax, these taxes would be included in management and general expenses in the accompanying statement of activities.

L. Advertising

Advertising costs are expensed as incurred. Advertising expense was \$20,846 in 2020.

(2) Accounting 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 reporting period. Actual results could differ from those estimates.

(3) Liquidity and Availability of Resources

The following reflects Chez Hope, Inc.'s financial assets as of June 30, 2020, reduced by amounts not available for general use because of donor-imposed restrictions:

Financial assets, at year-end	\$ 356,157
Less those unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions-	
Restricted by donors with purpose restrictions	<u>(5,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 351,157</u>

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

Chez Hope, Inc. has \$356,157 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$141,381 and grants receivable of \$214,776. As part of the Chez Hope, Inc.'s liquidity management, the organization maintains sufficient cash balances throughout the year through the receipt of grants and donations to support the organization's objectives. To help manage unanticipated liquidity needs, Chez Hope, Inc. has a committed revolving line of credit in the amount of \$100,000.

(4) Grants Receivable

Grants receivable consisted of the following at June 30, 2020:

Louisiana Commission on Law Enforcement	
VOCA	\$ 60,948
VAWA	1,753
KKIDDS	15,844
Louisiana Coalition Against Domestic Violence	26,873
Department of Children and Family Services	<u>109,358</u>
	<u>\$214,776</u>

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 36,500	\$ -	\$ (1,500)	\$ 35,000
Capital assets being depreciated				
Buildings and improvements	331,750	-	(13,697)	318,053
Office furniture and equipment	124,893	10,930		135,823
Vehicles	145,417	15,183	(25,420)	135,180
Leasehold improvements	<u>281,154</u>	<u>-</u>	<u>-</u>	<u>281,154</u>
	919,714	26,113	(40,617)	905,210
Accumulated depreciation	<u>(349,634)</u>	<u>(63,476)</u>	<u>18,379</u>	<u>(394,731)</u>
Property and equipment, net	<u>\$ 570,080</u>	<u>\$ (37,363)</u>	<u>\$ (22,238)</u>	<u>\$ 510,479</u>

Depreciation expense totaling \$63,476 was recognized in the statement of activities for the year ended June 30, 2020.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(6) Line of Credit

Chez Hope, Inc. has a revolving line of credit with First National Bank for up to \$100,000 as of June 30, 2020. Interest on the line of credit is payable monthly at a rate of 6% per annum. Chez Hope, Inc. has no outstanding advances on the line of credit as of June 30, 2020. The line of credit is secured by UCC Collateral and Real Estate Collateral.

(7) Short-Term Debt

Short-term debt, which is presented as a component of accrued expenses, is comprised of the following at June 30, 2020:

Payable to a financing company. Payable in monthly installments of \$1,584 with final payment due on October 5, 2020. Collateralized by unexpired premiums on insurance policies. \$ 4,754

(8) Notes Due on Demand

Notes due on demand is comprised of the following at June 30, 2020:

Demand note payable to First National Bank bearing interest at 5.50% per annum, due in monthly installments of \$2,251 including interest, maturing in December 2037, secured by real proerty with a carrying value of \$283,445 and all furniture, equipment, and contents with a carrying value of \$62,904. \$ 301,374

The note is due on demand, but if no demand is made, is payable as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 10,704
2022	11,308
2023	11,945
2024	12,619
2025	13,331
2026-2030	78,820
2031-2035	103,704
2036-2038	58,943
	<u>\$ 301,374</u>

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(9) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2020:

Note payable to Ally Bank bearing interest at 6.0% per annum, due in monthly installments of \$376 including interest, maturing in July 2021, and is secured by vehicle with a carrying amount of \$8,694.	\$ 4,667
Note payable to Ally Bank bearing interest at 5.65% per annum, due in monthly installments of \$400 including interest, maturing in September 2023, and is secured by vehicle with a carrying amount of \$14,165	<u>14,213</u>
Total long-term debt	18,880
Less: current portion	<u>8,454</u>
Long-term debt, net of current portion	<u>\$ 10,426</u>

Principal maturities of long-term debt are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 8,454
2022	4,647
2023	4,587
2024	<u>1,192</u>
	<u>\$ 18,880</u>

(10) Contingencies

Chez Hope, Inc. receives grants for specific purposes that are subject to review and audit by the agency providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2020:

Unspent funds from Louisiana Charities Trust	\$ 5,000
Book value of property and equipment purchased with federal funds	<u>90,468</u>
	<u>\$ 95,468</u>

(12) Operating Leases

At June 30, 2020, Chez Hope, Inc. had three operating leases in effect, each for a period of one year with the option to renew for an additional year. The leases cover buildings and property in various locations used to serve the recipients of the organization's services. Total rent expense related to the operating leases for the year ended June 30, 2020 totaled \$55,560.

(13) Concentration of Credit Risk

Chez Hope, Inc. 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, 2020, Chez Hope, Inc.'s cash balances were fully secured.

(14) Subsequent Events

Management has evaluated subsequent events through December 28, 2020, the date which the financial statements were available for issue.

(15) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R. S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to the Executive Director, Cherrise Picard, for the year ended June 30, 2020, are as follows:

Annual salary	\$ 86,168
Benefits - Insurance	5,204
Per diem	51
Travel - Hotel	<u>54</u>
Total	<u>\$ 91,477</u>

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(16) New Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Chez Hope, Inc. is evaluating the potential impact of the amendment on its financial statements.

SUPPLEMENTARY INFORMATION

CHEZ HOPE, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through/ Entity Identifying Number	Provided to Subrecipients	Expenditures
UNITED STATES DEPARTMENT OF JUSTICE				
Passed through Louisiana Commission on Law Enforcement				
Crime Victim Assistance	16.575			
Domestic Violence Program (Iberia) 4		2017-VA-02-4279	-	95,554
Domestic Violence Program (St. Mary) 4		2017-VA-02-4286	-	104,412
Domestic Violence Program (St. Martin) 4		2017-VA-02-4287	-	61,147
Victim Assistance Program (St. Mary) (KKIDSS) 4		2017-VA-02/03-4288	-	67,034
Victim Assistance Program (Iberia) (KKIDSS) 4		2017-VA-02-4289	-	62,817
Domestic Violence Program (Iberia) 4		2018-VA-02-5016	-	62,553
Domestic Violence Program (St. Mary) 4		2018-VA-02-5013	-	103,247
Domestic Violence Program (St. Martin) 4		2018-VA-02-5014	-	55,897
Domestic Violence Program (Assumption) 7		2018-VA-02-4986	-	7,532
Victim Assistance Program (St. Mary) (KKIDSS) 4		2018-VA-02-5018	-	39,043
Victim Assistance Program (Iberia) (KKIDSS) 4		2018-VA-02-5019	-	36,655
Total Crime Victim Assistance Programs			-	695,891
Violence Against Women Formula Grants	16.588			
Domestic Violence Program		2018-WF-03-4771	-	13,319
Domestic Violence Program		2019-WF-03-5352	-	7,508
Total Violence Against Women Formula Grants			-	20,827
Total United States Department of Justice			-	716,718
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Louisiana Department of Children and Family Services				
Family Violence Prevention Services State Grant	93.671			
Family Violence Prevention Services Program		2019-2020	-	472,056
Total expenditures of federal awards			\$ -	\$ 1,188,774

CHEZ HOPE, INC.

Notes to Schedule of Expenditures of Federal Awards

(1) Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Chez Hope, Inc. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Chez Hope, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Chez Hope, Inc.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available. Chez Hope, Inc. has not elected to use the 10 percent de minimis indirect cost rate.

(2) Relationship to Financial Statements

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

Statement of Activities-

Federal and state financial assistance	
Department of Children and Family Services	\$ 472,056
Louisiana Commission on Law Enforcement -	
KKIDDS	205,550
VAWA	20,827
VOCA	490,341
Total federal and state financial assistance	<u>\$ 1,188,774</u>

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Chez Hope, Inc.
Franklin, Louisiana

We have audited, in accordance with the audit 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 Chez Hope, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, 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 December 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Chez Hope, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Chez Hope, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Chez Hope, Inc.'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 Chez Hope, Inc.'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified a deficiency in internal control that we consider to be a significant deficiency, and which is described as item 2020-001 in the accompanying schedule of findings and questioned costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chez Hope, Inc.'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*.

Chez Hope, Inc.'s Response to Finding

Chez Hope, Inc.'s response to the finding identified in our audit is described in the accompanying management's response and corrective action plan for current audit findings. Chez Hope, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chez Hope, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statutes 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 28, 2020

KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of Directors
Chez Hope, Inc.
Franklin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the compliance of Chez Hope, Inc. with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Chez Hope Inc.'s major federal programs for the year ended June 30, 2020. Chez Hope, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Chez Hope Inc.'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 Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chez Hope, Inc.'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 on Chez Hope, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Chez Hope, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Chez Hope, Inc. 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 Chez Hope, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chez Hope, Inc.'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. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 28, 2020

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Part I. Summary of Auditor's Results

Financial Statements

1. Type of opinion issued on financial statements: Unmodified
2. Internal control over financial reporting:
- | | | | | | |
|---|-------|-----|-------|---|---------------|
| Material weakness(es) identified? | _____ | yes | _____ | ✓ | no |
| Significant deficiency(ies) identified? | _____ | yes | _____ | | none reported |
3. Noncompliance material to the financial statements? _____ yes _____ ✓ no

Federal Awards

4. Internal control over major federal programs:
- | | | | | | |
|---|-------|-----|-------|---|---------------|
| Material weakness(es) identified? | _____ | yes | _____ | ✓ | no |
| Significant deficiency(ies) identified? | _____ | yes | _____ | ✓ | none reported |

5. Major programs and type of auditor's report issued:

CFDA Number	Federal Agency and Name of Major Program	Type of Opinion
16.575	U.S. Department of Justice Crime Victim Assistance	Unmodified

6. Audit findings required to be reported in accordance with 2 CFR §200.516(a)? _____ yes _____ ✓ no
7. Threshold for distinguishing type A and B programs? \$ 750,000
8. Qualified as a low-risk auditee? _____ yes _____ ✓ no

Other

9. Management letter issued? _____ yes _____ ✓ no

CHEZ HOPE, INC.

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

Part II: Findings Related to an Audit in Accordance with Government Auditing Standards

2020-001 Financial Reporting

Fiscal year finding initially occurred: June 30, 2020

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to not-for-profit entities in the financial statement preparation process.

CRITERIA: Chez Hope, Inc.'s internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

VIEW OF RESPONSIBLE OFFICIALS: See corrective action plan for current audit findings.

Part III: Findings and Questioned Costs for Federal Awards

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

APPENDIX A



Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

Findings reported in accordance with *Government Auditing Standards*:

Internal Control –

2019-001 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to not-for-profit entities in the financial statement preparation process.

CURRENT STATUS: This finding has not been corrected. The financial reporting process will continue to be outsourced to Chez Hope, Inc.'s external auditors due to the increased cost to correct the condition.

Compliance –

None

Findings for federal awards defined in the Uniform Guidance -

None

Management Letter Findings –

None

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CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX B

