

EDEN HOUSE
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
Eden House
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Eden House (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

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 Directors and Management
Eden House
New Orleans, Louisiana

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eden House as of December 31, 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.

Prior Period Financial Statements

The financial statements of Eden House as of December 31, 2019, were audited by other auditors whose report dated October 30, 2020, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to the agency head, as required by Louisiana Revised Statute 24:513(A)(3), 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 July 19, 2021, on our consideration of Eden House'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 Eden House'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 Eden House's internal control over financial reporting and compliance.

July 19, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

EDEN HOUSE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 646,344	\$ 464,377
Receivables:		
Grant receivable	-	365,000
Promises to give	20,965	59,550
Prepaid expenses	14,567	11,595
Property and equipment, net	399,289	808,677
Asset held for sale	471,258	-
Other assets	<u>650</u>	<u>6,646</u>
 Total assets	 <u>\$ 1,553,073</u>	 <u>\$ 1,715,845</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 11,197	\$ -
Accrued expenses	16,641	25,154
Note payable	<u>149,900</u>	<u>277,280</u>
 Total liabilities	 <u>177,738</u>	 <u>302,434</u>
<u>NET ASSETS:</u>		
Without donor restrictions	1,066,831	1,045,411
With donor restrictions	<u>308,504</u>	<u>368,000</u>
 Total net assets	 <u>1,375,335</u>	 <u>1,413,411</u>
 Total liabilities and net assets	 <u>\$ 1,553,073</u>	 <u>\$ 1,715,845</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT AND OTHER REVENUES:</u>			
Grants	\$ 336,983	\$ -	\$ 336,983
Contributions	88,316	-	88,316
Special events	33,700	-	33,700
Sales	13,519	-	13,519
Other	2,030	-	2,030
Net assets released from restrictions	<u>59,496</u>	<u>(59,496)</u>	<u>-</u>
Total revenue	<u>534,044</u>	<u>(59,496)</u>	<u>474,548</u>
<u>EXPENSES:</u>			
Program services	369,257	-	369,257
Supporting activities:			
Management and general	83,442	-	83,442
Fundraising	<u>59,925</u>	<u>-</u>	<u>59,925</u>
Total expenses	<u>512,624</u>	<u>-</u>	<u>512,624</u>
Change in net assets	21,420	(59,496)	(38,076)
Net assets, beginning of year	<u>1,045,411</u>	<u>368,000</u>	<u>1,413,411</u>
Net assets, end of year	<u>\$ 1,066,831</u>	<u>\$ 308,504</u>	<u>\$ 1,375,335</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND OTHER REVENUES:</u>			
Grants	\$ 110,551	\$ 414,285	\$ 524,836
Contributions	217,497	-	217,497
Special events	145,961	-	145,961
Sales	7,789	-	7,789
Other	18,042	-	18,042
Net assets released from restrictions	66,285	(66,285)	-
 Total revenue	 566,125	 348,000	 914,125
<u>EXPENSES:</u>			
Program services	364,644	-	364,644
Supporting activities:			
Management and general	78,085	-	78,085
Fundraising	85,547	-	85,547
 Total expenses	 528,276	 -	 528,276
 Change in net assets	 37,849	 348,000	 385,849
Net assets, beginning of year	1,007,562	20,000	1,027,562
Net assets, end of year	\$ 1,045,411	\$ 368,000	\$ 1,413,411

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 210,135	\$ 52,534	\$ 13,825	\$ 276,494
Payroll taxes	16,604	4,151	1,092	21,847
Total salaries and payroll taxes	226,739	56,685	14,917	298,341
Accounting	1,997	4,597	131	6,725
Depreciation	7,941	883	-	8,824
Fundraising	-	-	4,578	4,578
Information technology	6,192	3,226	290	9,708
Insurance	15,739	3,935	1,036	20,710
Marketing	645	-	-	645
Miscellaneous	360	380	-	740
Occupancy	41,413	4,523	1,005	46,941
Office expenses	1,563	3,062	40	4,665
Professional fees	6,246	2,500	-	8,746
Program materials	2,549	-	-	2,549
Resident services	49,554	-	-	49,554
Special event	-	-	37,928	37,928
Telephone	2,552	3,651	-	6,203
Travel	5,767	-	-	5,767
Total expense by function	\$ 369,257	\$ 83,442	\$ 59,925	\$ 512,624

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 174,454	\$ 43,614	\$ 11,477	\$ 229,545
Payroll taxes	13,455	3,364	885	17,704
Total salaries and payroll taxes	187,909	46,978	12,362	247,249
Accounting	5,242	12,067	344	17,653
Depreciation	7,942	882	-	8,824
Fundraising	-	-	2,839	2,839
Information technology	9,699	5,000	455	15,154
Insurance	15,730	3,932	1,035	20,697
Marketing	1,586	-	-	1,586
Miscellaneous	929	471	74	1,474
Occupancy	47,151	1,965	-	49,116
Office expenses	4,347	2,208	345	6,900
Professional fees	17,435	-	-	17,435
Program materials	6,820	-	-	6,820
Resident services	47,759	-	-	47,759
Special event	-	-	68,093	68,093
Telephone	2,058	4,582	-	6,640
Travel	10,037	-	-	10,037
Total expense by function	\$ 364,644	\$ 78,085	\$ 85,547	\$ 528,276

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (38,076)	\$ 385,849
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	8,824	8,824
(Increase) decrease in:		
Grant receivable	365,000	(345,000)
Promises to give	38,585	(27,350)
Prepaid expense	(2,972)	(3,535)
Other assets	5,996	(4,435)
Increase in:		
Accounts payable	11,197	(7,389)
Accrued expenses	(8,513)	13,957
Net cash from operating activities	<u>380,041</u>	<u>20,921</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(70,694)</u>	<u>(400,564)</u>
Net cash (used for) investing activities	<u>(70,694)</u>	<u>(400,564)</u>
<u>CASH FLOWS FROM (USED FOR) FINANCING ACTIVITIES:</u>		
Proceeds from issuance of long-term debt	149,900	288,000
Principal payments on long term debt	<u>(277,280)</u>	<u>(10,720)</u>
Net cash from (used for) financing activities	<u>(127,380)</u>	<u>277,280</u>
Net increase (decrease) in cash	181,967	(102,363)
Cash and cash equivalents, beginning of year	<u>464,377</u>	<u>566,740</u>
Cash and cash equivalents, end of year	<u>\$ 646,344</u>	<u>\$ 464,377</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid for construction interest	<u>\$ 1,383</u>	<u>\$ 8,360</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Eden House (the “Organization”) was incorporated as an independent 501(c) (3) nonprofit organization in 2011 to provide comprehensive and individualized recovery services to victims of human trafficking and commercial sexual exploitation through a long-term residential program. Over time, and to address our community’s epidemic of human trafficking and commercial sexual exploitation, the Organization has grown and expanded its services more effectively through the introduction of a prevention education program and the launch of a social enterprise. However, the implementation of our comprehensive recovery services through our long-term residential program remains at the heart of our organization. The Organization addresses our community’s epidemic of human trafficking and commercial sexual exploitation, in addition to the related issues of addiction, mental illness, poverty and homelessness.

In order to end human and sexual trafficking, the Organization provides comprehensive recovery services to survivors of human trafficking and commercial sexual exploitation through a long-term individualized program of intensive and therapeutic case management in the safety of our confidentially located residence. The Organization implements an individualized treatment plan for each survivor that provides housing, food, health care, mental health and substance abuse counseling, job and financial literacy training, legal assistance, and education free of cost to them. The Organization’s approach to case management and recovery aims to create a population of survivors who have not forgotten their pasts, but who have learned and grown from them into emotionally, physically, and mentally healthy women who are flourishing, contributing members of their communities. To accomplish this goal, the Organization uses a holistic approach, which treats not just the symptoms of a life of exploitation but creates a foundation of skills that facilitate the victim’s ability to move forward with her life. The first few months at the Organization are spent focusing on stabilizing our residents’ immediate needs, including intensive outpatient drug treatment for those with histories of addiction, 90/90 AA or NA meetings, trauma therapy, as well as physical and dental care. The next phase in the recovery program emphasizes education, job skills, life skills and continued recovery. During this time, the Organization continues to provide a spectrum of resources, including, but not limited to, housing, food, health care, psychotherapy, spiritual support, GED tutoring, financial education, legal support, and job training. Completion of, or graduation from, the program is assessed on an individual basis and entails reaching programmatic goals such as successfully completing trauma therapy, employment, savings, advanced education, etc. All these direct services are provided at no cost for residents, and residents, who are not working and who do not receive food stamps, receive weekly food and living stipends as part of the program.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The revenues received in conducting the mission of the Organization are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers money market funds and all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposits and interest-bearing demand deposits. As of December 31, 2020 and 2019, the Organization held \$350,020 and \$273,723 of cash equivalents, respectively.

Grant and Pledge Receivables

Management closely monitors outstanding receivable balances and any balances that are determined to be uncollectible are written off. All receivable balances are considered to be fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary as of December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, the Organization reported \$20,965 and \$59,550 in promises to give, respectively.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment with a value equal to or greater than \$500 is capitalized at cost or estimated fair value if donated. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 39 years. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized.

Assets Held for Sale

During 2020, Eden House decided to list their second residence, which was under construction, for sale. Management intends to sell the property and therefore recorded the property at current value and separated it from other long-lived property on the balance sheet. The property has been listed for sale and is expected to be sold as soon as practicable. See subsequent event at Note 12 for the sale of the property.

Revenue Recognition

Grant and Contributions

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Special Events

The Organization receives revenue from special events. A portion of special event revenues is recognized as a contribution at the time of the ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of special event revenues are recognized when the event takes place as the event is the relevant performance obligation.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Organization is exempt from taxes on income other than unrelated business income. The Organization has also been classified as an entity that is not a private foundation in Section 170 (b)(1)(A)(vi).

The Organization's evaluation as of December 31, 2020 revealed no tax positions that would have material impact on the financial statements. The 2017 through 2019 tax years remain subject to examination by the IRS. The Organization 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.

New Accounting Pronouncements

On May 28, 2014, FASB issued ASU 2014-09 "*Revenue from Contracts with Customers*." The new guidance established the principles to report useful information to users financial statements about the nature, time and uncertainty of revenue from contracts with customers. The new guidance removes inconsistencies and weaknesses in existing revenue requirements, provides a more robust framework for addressing revenue issues, improved comparability of revenue recognition practices, provides more useful information to users of the financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing of requirements to which an organization must refer.

The Company has adjusted the presentation of these statements accordingly. The ASUs have been applied retrospectively to all periods presented.

Date of Management's Review

Subsequent events have been evaluated through July 19, 2021, which is the date the financial statements were available to be issued.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organizations' financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	2020	2019
Financial assets, at year end	\$ 667,309	\$ 888,927
Less those unavailable for general expenditure within one year due to:		
Donor restrictions	(308,504)	(368,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 358,805	\$ 520,927

The financial assets available for general expenditures within one year of the statement of financial position date are not subject to donor or other contractual restrictions. The Organization's objective is to maintain liquid assets without donor restrictions sufficient to cover 18 months of program expenditures. The Organization maintains cash balances as reserves and regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources the Organization has available.

(3) PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31, 2020 and 2019:

	2020	2019
Amounts due in less than one year	\$ 18,815	\$ 53,650
Amounts due in one to five years	2,150	5,900
Total unconditional promises to give	20,965	59,550
Less: discount to net present value	-	-
Net unconditional promises to give	\$ 20,965	\$ 59,550

The discount rate used on long-term promises to give was 0.1% at December 31, 2020.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(4) PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of December 31st:

	2020	2019
Land	\$ 88,240	\$ 88,240
Buildings	352,963	352,963
Furniture and equipment	1,267	1,267
Construction in progress	-	400,564
	442,470	843,034
Less: accumulated depreciation	(43,181)	(34,357)
Total property and equipment, net	\$ 399,289	\$ 808,677

Depreciation expense totaled \$8,824 for both of the years ended December 31, 2020 and 2019.

The asset held in construction in progress was transferred in total of \$471,258 to asset held for sale at December 31, 2020. Subsequent to year end, the property was sold as is. See subsequent event at Note 12.

(5) NOTES PAYABLE

The Organization obtained a note payable in the amount of \$288,000 on March 19, 2019. The note bore interest at 3.87% per annum and required monthly payments of principal and interest totaling \$2,120 effective April 19, 2019 and was secured by real estate. The note was scheduled to mature on March 19, 2034. At December 31, 2019, the balance on the note payable was \$277,280. On January 30, 2020, the note payable was repaid in full.

The Organization obtained a Small Business Association Economic Injury Disaster Loan on July 1, 2020 in the amount of \$150,000 with a \$100 administration fee. The note bears a 2.75% interest rate per annum and requires monthly payments of principal and interest totaling \$641 and will begin twelve months from the date of the promissory note. As of April 7, 2021 the Small Business Association has extended the first payment due date for the all loans until 24 months from the date of the note. The note is scheduled to mature on July 1, 2050. There were no payments made in the year ended December 31, 2020 and the balance on the note was \$149,900.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(5) NOTES PAYABLE (CONTINUED)

Following are maturities of notes payable for each of the next five years and thereafter:

2021	\$	-
2022		1,682
2023		3,436
2024		3,532
2025		3,630
Thereafter		<u>137,620</u>
 Total	 \$	 <u>149,900</u>

As of December 31, 2020 and 2019 there were no interest expenses charged during the years.

(6) LINE OF CREDIT

At December 31, 2020 and 2019, the Organization had an available \$100,000 line of credit with a financial institution. The line of credit is unsecured, has a maturity date of June 23, 2022 with a present interest rate of 3.25% per year. As of December 31, 2020 and 2019, there was no outstanding balance on the line of credit.

(7) GRANT INCOME – PAYCHECK PROTECTION PROGRAM

During the year ended December 31, 2020, the Organization was granted a loan from the Small Business Administration under the Paycheck Protection Program (PPP) in response to COVID-19 relief efforts in the amount of \$48,022. The loan accrued interest at 1% and was due on April 28, 2022, however, PPP loans and accrued interest are forgivable after a “covered period” (8 - 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The Organization has recognized the \$48,022 as grant revenue for the year ended December 31, 2020. The loan was forgiven subsequent to year end on June 8, 2021.

(8) NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020 and 2019, net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Capital Outlay	\$ 308,504	\$ 365,000
Recovery services at new residence	<u>-</u>	<u>3,000</u>
 Total	 <u>\$ 308,504</u>	 <u>\$ 368,000</u>

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(8) NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

For the year ended December 31, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the time and/or purpose specified by donors as follows:

	2020	2019
Grant Salaries	\$ -	\$ 40,785
Dental	-	2,500
Resident Services	-	3,000
2019 Grant	-	20,000
Building Second Residence Renovations	59,496	-
Total	\$ 59,496	\$ 66,285

(9) RELATED PARTY TRANSACTIONS

The Organization's board of directors is a voluntary board and therefore, no compensation was paid to any board member during the years ended December 31, 2020 and 2019. Several members of the board of directors promised pledges to the organization and made pledge payments in the amount of \$8,485 and \$2,500 with a remaining pledge balance of \$6,265 and \$12,650 for the years ended December 31, 2020 and 2019, respectively.

(10) CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At fiscal year end December 31, 2020 and 2019, there were uninsured deposits in the amount of \$177,363 and \$210,528, respectively.

Approximately 43% of the Organization's contribution revenue was received from two sources for the year ended December 31, 2020. Approximately 40% of the Organization's contribution revenue was received from one source for the year ended December 31, 2019.

(11) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standard Update (Update) No. 2020-07, "Not-for-Profit Entities Topic (958)." This Update seeks to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFP's, as well as the amount of those contributions used in an NFP's programs and other activities. This Update will be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. Eden House plans to adopt this Update as applicable by the effective date.

EDEN HOUSE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2020 AND 2019

(12) RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Operating functions that may be changed include intake, recertification, and maintenance. Changes to the operating environment may increase operating costs.

(13) SUBSEQUENT EVENTS

Sale and Purchase of Property

As of May 20, 2021, the Organization sold the asset held for sale, listed on the statement of financial position for \$425,000. Of the proceeds, \$32,068 was attributed to closing costs of the sale. A loss on the sale of the disposal of \$44,875 was recorded.

As of May 26, 2021, the Organization entered into an agreement, for the purchase of a second residence for \$660,000. A deposit of \$10,000 has been paid.

Grant Income – Paycheck Protection Program

As of February 19, 2021, the Organization received a second loan from the Small Business Administration under the Paycheck Protection Program (PPP) in response to COVID-19 relief efforts in the amount of \$58,345. The loan accrues interest at 1% and was due on February 19, 2026, however, PPP loans and accrued interest are forgivable after a "covered period" (10 months) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. As of the release of this report, the second PPP loan has not yet been approved for loan forgiveness.

As of June 8, 2021, the Organization received forgiveness in full for the first PPP loan disclosed in Note 5.

(14) RECLASSIFICATIONS

Certain items on the 2020 financial statements have been reclassified to conform to the current year's presentation. Net assets and increase in net assets are unchanged due to these reclassifications.

SUPPLEMENTAL INFORMATION

EDEN HOUSE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

(See Independent Accountants' Review Report)

	Susanne B. Dietzel, Ph. D. Executive Director
	<hr/>
Salary	\$ 90,600
FICA and Medicare	6,931
Mileage reimbursements	1,188
Program expense reimbursement	<hr/> 332
	<hr/>
Total compensation, benefits, and other payments	\$ <u>99,050</u>



**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 of
Eden House

We have audited, 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, the financial statements of Eden House, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eden House's internal control over financial reporting (internal control) as a basis for designing 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 Eden House's internal control. Accordingly, we do not express an opinion on the effectiveness of Eden House'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.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors and Management
Eden House
New Orleans, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eden House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Eden House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eden House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

July 19, 2021
New Orleans, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

EDEN HOUSE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Eden House.
2. No significant deficiencies or material weaknesses 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 Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were 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 Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2020.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

EDEN HOUSE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

SECTION II – MANAGEMENT LETTER ITEMS

NOT APPLICABLE