

**NEW ORLEANS WOMEN &  
CHILDREN'S SHELTER, INC.**

Audits of Consolidated Financial Statements

December 31, 2019 and 2018



## Contents

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<b>Independent Auditor's Report</b>	1 - 2
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### **Consolidated Financial Statements**

Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses - 2019	5
Consolidated Statement of Functional Expenses - 2018	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 14

---

### **Supplementary Information**

Schedule of Compensation, Benefits, and Other Payments to Agency Head	16
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<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	17 - 18
--	---------

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<b>Schedule of Findings and Responses</b>	19
---	----

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<b>Schedule of Prior Audit Findings</b>	20
---	----

## **Independent Auditor's Report**

The Board of Directors  
New Orleans Women & Children's Shelter, Inc.

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the New Orleans Women & Children's Shelter, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Orleans Women & Children's Shelter, Inc. as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2020 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
April 13, 2020

**NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Consolidated Statements of Financial Position**  
**December 31, 2019 and 2018**

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 349,752	\$ 369,775
Development Fee Receivable	6,952	17,977
Grants Receivable	108,290	227,982
Prepaid Expenses	4,550	4,550
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>469,544</b>	<b>620,284</b>
	<hr/>	<hr/>
<b>Property and Equipment, Net</b>	<b>9,234</b>	<b>10,773</b>
	<hr/>	<hr/>
<b>Other Assets</b>		
Deposits	6,875	-
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 485,653</b>	<b>\$ 631,057</b>
	<hr/>	<hr/>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 11,274	\$ 23,211
Line of Credit	75,000	-
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>86,274</b>	<b>23,211</b>
	<hr/>	<hr/>
<b>Net Assets</b>		
Without Donor Restrictions	399,379	607,846
	<hr/>	<hr/>
<b>Total Net Assets</b>	<b>399,379</b>	<b>607,846</b>
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 485,653</b>	<b>\$ 631,057</b>
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Consolidated Statements of Activities**  
**For the Years Ended December 31, 2019 and 2018**

	2019	2018
<b>Net Assets Without Donor Restrictions</b>		
<b>Revenues and Other Support</b>		
Grants	\$ 635,142	\$ 593,236
Contributions	473,187	559,223
Special Events	141,936	71,033
Donated Materials	122,489	63,421
Development Fee	21,322	30,498
Interest Income	2,388	2,670
	<u>1,396,464</u>	<u>1,320,081</u>
<b>Expenses</b>		
Program Services		
Wraparound Program	1,369,317	1,094,108
Supporting Services		
Management and General	147,032	91,838
Fundraising	88,582	81,750
	<u>1,604,931</u>	<u>1,267,696</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(208,467)</b>	<b>52,385</b>
<b>Net Assets, Beginning of Year</b>	<b>607,846</b>	<b>555,461</b>
<b>Net Assets, End of Year</b>	<b>\$ 399,379</b>	<b>\$ 607,846</b>

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

**NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Wraparound Program</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries, Benefits and Related Expenses	\$ 692,850	\$ 62,907	\$ 19,312	\$ 775,069
Program Consumables	467,737	-	-	467,737
Rent and Utilities	129,470	13,380	4,854	147,704
Professional Fees	32,759	43,476	6,575	82,810
Special Events and Fundraising	-	-	44,247	44,247
Insurance	34,632	5,791	1,001	41,424
Supplies and Printing	9,236	14,852	12,124	36,212
Other Expenses	1,094	6,626	469	8,189
Depreciation Expense	1,539	-	-	1,539
<b>Total</b>	<b>\$ 1,369,317</b>	<b>\$ 147,032</b>	<b>\$ 88,582</b>	<b>\$ 1,604,931</b>

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

**NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	Program Services	Supporting Services		Total
	Wraparound Program	Management and General	Fundraising	
Salaries, Benefits and Related Expenses	\$ 666,972	\$ 42,804	\$ 18,507	\$ 728,283
Program Consumables	207,120	-	-	207,120
Rent and Utilities	135,741	7,144	-	142,885
Professional Fees	-	33,267	4,908	38,175
Special Events and Fundraising	-	-	56,836	56,836
Insurance	40,654	4,148	369	45,171
Supplies and Printing	40,713	3,392	1,130	45,235
Other Expenses	1,369	1,083	-	2,452
Depreciation Expense	1,539	-	-	1,539
<b>Total</b>	<b>\$ 1,094,108</b>	<b>\$ 91,838</b>	<b>\$ 81,750</b>	<b>\$ 1,267,696</b>

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



**NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (208,467)	\$ 52,385
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Provided by Operating Activities		
Depreciation	1,539	1,539
Changes in Operating Assets and Liabilities		
Development Fee Receivable	11,025	1,881
Grants Receivable	119,692	36,231
Prepaid Expenses	-	(300)
Deposits	(6,875)	6,000
Accounts Payable and Accrued Expenses	(11,937)	3,541
	<u>(95,023)</u>	<u>101,277</u>
<b>Net Cash (Used in) Provided by Operating Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Proceeds from Line of Credit	<u>75,000</u>	-
	<u>75,000</u>	-
<b>Net Cash Provided by Investing Activities</b>		
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(20,023)	101,277
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>369,775</u>	<u>268,498</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 349,752</u>	<u>\$ 369,775</u>

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

# NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

## Notes to Consolidated Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### History and Organization

The New Orleans Women & Children's Shelter, Inc. (the Organization), which opened in August of 2007 in the aftermath of Hurricane Katrina (then known as the New Orleans Women's Shelter), focuses on breaking the cycle of homelessness and keeping homeless families from returning to the streets. The Organization's Wraparound Program provides a continuum of safe shelter, personalized case management, and wraparound services to homeless families at no cost and addresses the unique needs of each family to equip them with the skills and resources they need to live stable, independent, and fulfilling lives.

The Organization is organized as a private, nonprofit corporation, chartered in the State of Louisiana, and granted 501(c)(3) status by the Internal Revenue Service. It is governed by a 12-member independent volunteer Board of Directors.

#### Basis of Consolidation and Presentation

These financial statements have been consolidated to include all accounts of New Orleans Women & Children's Shelter, Inc. and its wholly-owned subsidiary, NOWS Iberville, L.L.C. All significant intercompany accounts and transactions have been eliminated. Investments in entities in which the Company cannot exercise significant influence, but does own a majority equity interest, are accounted for using the equity method and are included as equity method investment on the consolidated statements of financial position.

#### Basis of Accounting

The financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments in money market funds to be cash equivalents.

#### Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. There was no valuation allowance for grants receivable as of December 31, 2019 and 2018.

#### Property and Equipment

Property and equipment which meet the capitalization criteria are recorded at cost and are depreciated over their estimated useful life of 5 to 10 years. Leasehold improvements are amortized over the remaining life of the lease.

## NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Net Assets**

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present its net assets, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported in two classes of net assets - without donor restrictions and with donor restrictions, as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Organization are included in this category.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions at December 31, 2019 or 2018.

##### **Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. During the years ended December 31, 2019 and 2018, the Organization did not receive any conditional promises to give.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. For the years ended December 31, 2019 and 2018, the Organization did not receive any amounts prior to incurring qualifying expenditures.

##### **Advertising Costs**

Advertising costs are expensed as incurred and totaled \$4,632 and \$13,084 during the years ended December 31, 2019 and 2018, respectively.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses for the years ended December 31, 2019 and 2018. The consolidated statements of functional expenses for the years ended December 31, 2019 and 2018 present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Organization is a not-for-profit exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that could affect 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 and the results of future periods could differ from those estimates.

**Reclassifications**

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on the previously reported change in net assets.

**Recent Accounting Pronouncements - Adopted**

In May 2014, the Financial Accounting Standards Board (FASB) issued authoritative guidance on accounting for revenue recognition, codified Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. This guidance is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgements and assets recognized from costs incurred to obtain or fulfill a contract.

## NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Recent Accounting Pronouncements - Adopted (Continued)

The Organization adopted Topic 606 as of January 1, 2019 using the modified retrospective method of adoption. Results for reporting periods beginning after January 1, 2019 are presented under the guidelines of Topic 606, while prior period amounts have not been adjusted and continue to be reported under the accounting standards in effect for those periods. Upon adoption of Topic 606, the Organization did not recognize a cumulative effect adjustment of initially applying the standard as no material adjustments to contracts not completed as of the date of adoption were identified. The adoption of Topic 606 did not materially impact the amount of revenue recognized or any other financial statement line item as of and for the year ended December 31, 2019. The Organization has included the additional disclosures required under Topic 606 in Note 1.

##### Recent Accounting Pronouncements - Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard also provides a number of practical expedients. The FASB voted to extend the nonpublic implementation date and now ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2020. Management is currently evaluating the impact of the pending adoption of the new standard on its financial statements, as well as the election of any available practical expedients and the manner of the modified retrospective transition approach.

#### Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at December 31, 2019:

Cash and Cash Equivalents	\$ 349,752
Development Fee Receivable	6,952
Grants Receivable	<u>108,290</u>
<b>Total</b>	<b><u>\$ 464,994</u></b>

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

## NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

### Notes to Consolidated Financial Statements

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#### Note 3. Concentration of Credit Risk

The Organization periodically maintains cash in bank accounts in excess of insured limits. At December 31, 2019 and 2018, the Organization's cash included bank deposit accounts aggregating approximately \$77,000 and \$54,000, respectively, in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per institution.

#### Note 4. Development Fee Receivable

On August 5, 2013, the Organization entered into an agreement with a certain real estate development company to assist in developing a twenty-three unit residential project (the Project) in New Orleans, Louisiana. The Organization is to receive a fee totaling \$485,117, of which \$148,196 is based on cash flow to the extent available for payment of such fee by the Project, through December 31, 2028. As of December 31, 2019 and 2018, respectively, the Organization has earned a total of \$388,740 and \$367,418 of development fees and has a receivable balance of \$6,952 and \$17,977.

#### Note 5. Property and Equipment

At December 31, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Leasehold Improvements	\$ 15,390	\$ 15,390
Less: Accumulated Depreciation	<u>(6,156)</u>	<u>(4,617)</u>
<b>Property and Equipment, Net</b>	<b><u>\$ 9,234</u></b>	<b><u>\$ 10,773</u></b>

Depreciation expense totaled \$1,539 for each of the years ended December 31, 2019 and 2018.

#### Note 6. Line of Credit

The Organization maintains a \$250,000 revolving line of credit with a lender, at a rate of 5.0% per annum based on a year of 360 days, expiring September 2020. The assets of the Organization are pledged to secure the line of credit. The balance on the line of credit at December 31, 2019 totaled \$75,000. There was no balance on this line of credit at December 31, 2018.

## NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

### Notes to Consolidated Financial Statements

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#### Note 7. Equity Method Investment

##### Equity Investment in Iberville Offsite Rehab 2 Managing Member, L.L.C.

On August 2, 2013, NOWS Iberville, L.L.C. (NOWSI), a wholly-owned subsidiary of the Organization, contributed \$100 to acquire 51% interest of Iberville Offsite Rehab 2 Managing Member, L.L.C. (the Investee). Equity method was suspended during the year ended December 31, 2015 as NOWSI's share of net losses exceeded its capital contribution. At December 31, 2019 and 2018, respectively, the capital account of NOWSI had an accumulated deficit of \$309 and \$257, and the carrying amount of the investment was \$-0-. NOWSI does not have effective control of the Investee and is not committed to provide further financial support for the Investee per the operating agreement.

#### Note 8. Commitments

The Organization is obligated under a cancelable operating lease for a property. The lease contains escalation clauses providing for increased rentals if extended.

In June 2019, the Organization entered into an operating lease for a property with a minimum monthly payment totaling \$875. The lease terminates in May 2020.

In January 2019, the Organization entered into an operating lease for office equipment with a minimum monthly payment totaling \$175. The lease terminates January 2024.

Future minimum lease payments as of December 31, 2019 are as follows:

Year Ending December 31,	Amount
2020	\$ 61,075
2021	56,700
2022	59,450
2023	59,700
2024	57,600
Thereafter	62,400
<b>Total</b>	<b>\$ 356,925</b>

Rent expense totaled \$62,096 and \$54,300 for the years ended December 31, 2019 and 2018, respectively.

## NEW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.

### Notes to Consolidated Financial Statements

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#### Note 9. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and related expenses, rent and utilities, supplies and printing, insurance, professional fees, and other expenses, which are allocated on the basis of estimates of time and effort.

#### Note 10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 13, 2020, and determined the following event occurred that requires disclosure:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines, and forced closures of public areas and businesses. Actions taken to mitigate the coronavirus have had and are expected to continue to have an adverse impact on the economies and financial markets in the geographical area in which the Organization operates. While it is unknown how long these conditions will last or the aggregate financial effect on the Organization, a decline in the economy and disposable income can be reasonably anticipated. Such a decline will likely have an adverse effect on donations from individuals with less disposable income and fundraising and contributions from foundations who may also see their funding decline.

On April 14, 2020, the Company received a Paycheck Protection Program loan in the amount of \$149,706. This loan is potentially forgivable if the Organization meets certain criteria. The loan has an interest rate of 1% and is due April 16, 2022. There is no collateral or personal guarantees associated with this loan.

No further subsequent events occurring after April 13, 2020 have been evaluated for inclusion in these financial statements.



## **SUPPLEMENTARY INFORMATION**

**NW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Schedule of Compensation, Benefits, and Other Payments to**  
**Agency Head**  
**For the Year Ended December 31, 2019**

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Louisiana Revised Statute (LRS) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees, be reported as a supplemental report within the financial statements of local governmental and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended LRS 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that receive public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**  
Dawn Fletcher, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$80,000
Bonus	\$0
Benefits - Insurance	\$8,641
Benefits - Retirement	\$0
Benefits - Other	\$2,865
Car Allowance	\$0
Vehicle Provided by Organization	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$2,509
Continuing Professional Education Fees	\$0
Miscellaneous Expenses	\$0

**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**

Independent Auditor's Report

To the Board of Directors  
New Orleans Women & Children's Shelter, Inc.

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 consolidated financial statements of New Orleans Women & Children's Shelter, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 13, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
April 13, 2020

**NW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2019**

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**Part I - Summary of Auditor's Results**

Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditors' report issued:                          | Unmodified    |
| 2. Internal control over financial reporting:                |               |
| a. Material weaknesses identified?                           | No            |
| b. Significant deficiencies identified?                      | None Reported |
| 3. Noncompliance material to the financial statements noted? | No            |

Federal Awards

Not applicable.

**Part II - Financial Statement Findings**

None noted.

**NW ORLEANS WOMEN & CHILDREN'S SHELTER, INC.**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2019**

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None.

**AGREED-UPON PROCEDURES REPORT**  
New Orleans Women & Children's Shelter, Inc.

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2019 - December 31, 2019**

To the Board of Directors of  
New Orleans Women & Children's Shelter, Inc. and  
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by New Orleans Women and Children's Shelter, Inc. (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Organization's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**Results:** The Organization's Financial Policies and Procedures Manual does not address the following areas: Contracting, Credit Cards, or Disaster Recovery/Business Continuity (1f, 1g, 1k).

### **Bank Reconciliations**

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2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);



- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: The Organization has three operational bank accounts. We selected the December 2019 bank reconciliations for all three accounts for testing. Bank reconciliations do not include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (2b). Management does not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date (2c).

### ***Collections (excluding EFTs)***

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- 3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).
- 4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/ registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: The Organization did not implement the keeping of a collections log for incoming cash receipts until June 2019. As such, attributes 'a' and 'd' of Procedure 4 above could not be observed for four deposit selections (4a, 4d). For two deposits selected after June 2019, the deposit was not made within one business day, and one receipt was not sequentially numbered (4a, 4d).

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

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- 7. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 8. Using the listing prepared by management, randomly select five cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
- 9. Using the monthly statements or combined statements selected under #8 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: There is no evidence that the monthly credit card statements are reviewed and approved, in writing, by someone other than the authorized card holder (6a). There were two instances in which an original itemized receipt identifying precisely what was purchased was not retained (9.1). There were 20 instances of missing written documentation of the business/ public purpose of the transaction selected for testing (9.2).

## ***Payroll and Personnel***

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10. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
11. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #10 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
12. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
13. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: No exceptions were noted as a result of performing these procedures.

## ***Other***

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14. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were noted as a result of performing these procedures.

15. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions were noted as a result of performing these procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
April 13, 2020