

**CHEZ HOPE, INC.**

Financial Statements

Year Ended June 30, 2017

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# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### *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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chez Hope, Inc.'s internal control over financial reporting and compliance.

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

Morgan City, Louisiana  
December 29, 2017

## **FINANCIAL STATEMENTS**

CHEZ HOPE, INC.

Statement of Financial Position  
June 30, 2017

ASSETS

Current assets	
Cash	\$ 55,505
Grants receivable	197,904
Prepaid expenses	<u>16,716</u>
Total current assets	<u>270,125</u>
Capital assets	
Land	51,500
Other depreciable, net of accumulated depreciation	<u>651,329</u>
Total capital assets	<u>702,829</u>
Total assets	<u>\$ 972,954</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Demand note payable	\$ 99,999
Current portion of notes payable	29,089
Accounts payable	77,638
Accrued expenses	11,933
Deferred revenue	<u>14,906</u>
Total current liabilities	233,565
Long-term liabilities	
Notes payable, net of current portion	<u>346,309</u>
Total liabilities	<u>579,874</u>
Net assets	
Temporarily restricted	702,829
Unrestricted (deficit)	<u>(309,749)</u>
Total net assets	<u>393,080</u>
Total liabilities and net assets	<u>\$ 972,954</u>

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

CHEZ HOPE, INC.  
Statement of Activities  
Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Increases in net assets			
Support			
Federal and state financial assistance			
Department of Children and Family Services	\$ -	\$ 367,665	\$ 367,665
Louisiana Commission on Law Enforcement - KKIDDS	-	181,547	181,547
VAWA	-	15,309	15,309
VOCA	-	201,215	201,215
Local and private assistance			
United Way	30,704	-	30,704
Donations	35,783	-	35,783
FFL Flood Response Grant	-	10,000	10,000
Department of Children and Family Services - Marriage Licenses	-	5,068	5,068
St. Mary Parish Government	-	11,660	11,660
Louisiana Bar Foundation - IOLTA	-	52,678	52,678
Louisiana Bar Foundation	-	4,910	4,910
Total support	<u>66,487</u>	<u>850,052</u>	<u>916,539</u>
Revenues			
Batterer fees	30,568	-	30,568
Other	19,214	-	19,214
Fundraising	<u>19,313</u>	<u>-</u>	<u>19,313</u>
Total revenue	<u>69,095</u>	<u>-</u>	<u>69,095</u>
Total support and revenue	135,582	850,052	985,634
Assets released from restrictions	<u>644,804</u>	<u>(644,804)</u>	<u>-</u>
Total increases in net assets	<u>780,386</u>	<u>205,248</u>	<u>985,634</u>
Decreases in unrestricted net assets			
Program services	775,907	-	775,907
Supporting services	101,995	-	101,995
Fundraising	<u>4,756</u>	<u>-</u>	<u>4,756</u>
Total decreases in net assets	<u>882,658</u>	<u>-</u>	<u>882,658</u>
Changes in net assets	(102,272)	205,248	102,976
Net assets (deficit), beginning	<u>(207,477)</u>	<u>497,581</u>	<u>290,104</u>
Net assets (deficit), ending	<u>\$ (309,749)</u>	<u>\$ 702,829</u>	<u>\$ 393,080</u>

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

CHEZ HOPE, INC.

Statement of Functional Expenses  
Year Ended June 30, 2017

	Program Services	Support Services	Fundraising	Total
Automobile	\$ 13,276	\$ -	\$ -	\$ 13,276
Bank charges	-	1,413	-	1,413
Building and auto interest	-	20,495	-	20,495
Contract labor	28,955	-	-	28,955
Depreciation expense	-	43,073	-	43,073
Dues and subscriptions	3,498	-	-	3,498
Equipment expense	4,410	-	-	4,410
Fundraising expenses	-	-	4,756	4,756
Insurance	54,392	-	-	54,392
Miscellaneous	-	2,278	-	2,278
Office supplies and expenses	36,659	-	-	36,659
Operating supplies	19,953	-	-	19,953
Penalties	-	1,586	-	1,586
Postage and delivery	677	-	-	677
Printing and reproduction	25,046	-	-	25,046
Professional fees	-	8,150	-	8,150
Rent	15,772	25,000	-	40,772
Repairs and maintenance	15,213	-	-	15,213
Salaries	448,530	-	-	448,530
Security	493	-	-	493
Shelter supplies	12,310	-	-	12,310
Taxes - payroll	41,406	-	-	41,406
Taxes - property	1,398	-	-	1,398
Telephone	15,303	-	-	15,303
Travel and entertainment	10,928	-	-	10,928
Utilities	23,452	-	-	23,452
Victim assistance	4,236	-	-	4,236
	<u>\$ 775,907</u>	<u>\$ 101,995</u>	<u>\$ 4,756</u>	<u>\$ 882,658</u>

CHEZ HOPE, INC.

Statement of Cash Flows  
Year Ended June 30, 2017

Operating activities	
Revenues collected	\$ 933,239
Payments for program services	(727,252)
Payments for support services	(38,427)
Payments for fundraising	(4,756)
Interest payments	<u>(20,495)</u>
Net cash provided by operating activities	<u>142,309</u>
Capital and related financing activities	
Proceeds from long-term debt	159,867
Payments on long-term debt	(34,098)
Proceeds from short-term debt	24,824
Acquisition/construction of capital assets	<u>(248,321)</u>
Net cash used by capital and related financing activities	<u>(97,728)</u>
Net change in cash	44,581
Cash, beginning of year	<u>10,924</u>
Cash, end of year	<u>\$ 55,505</u>
Reconciliation of net change in net assets to net cash provided by operating activities	
Change in net assets	\$ 102,976
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	43,073
(Increase) decrease in -	
Grants receivable	(52,813)
Other receivables	418
Prepaid expenses	(8,546)
Increase (decrease) in -	
Accounts payable	64,586
Accrued expenses	7,602
Deferred revenues	<u>(14,987)</u>
Total adjustments	<u>39,333</u>
Net cash provided by operating activities	<u>\$ 142,309</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 State of Louisiana Department of Children and Family Services. Should the state agency cut its funding or disallow items, Chez Hope, Inc. may be required to reduce its services.

C. Significant accounting policies

Financial statement presentation

The financial statements are prepared on the accrual basis of accounting. The financial statements are prepared in accordance with *FASB Accounting Standards Codification 958-205, Presentation of Financial Statements*. *FASB Accounting Standards Codification 958-205, Presentation of Financial Statements* states that a complete set of financial statements for a non-profit organization includes (1) a statement of financial position, (2) a statement of activities, (3) a statement of cash flows, and (4) notes to the financial statements. In addition, voluntary health and welfare organizations are required to present a statement of functional expenses in a matrix format that reports expenses by both function and their natural classifications.

In accordance with *FASB Accounting Standards Codification, 958-210, Balance Sheet* a statement of financial position focuses on the organization as a whole and therefore, reports total assets, liabilities, and net assets by class (unrestricted, temporarily restricted, and permanently restricted).

Permanently restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of Chez Hope, Inc.

Temporarily restricted net assets result from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Unrestricted net assets represent those assets which are not subject to donor-imposed stipulations and, therefore, are assets the organization may use at its discretion.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

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 restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

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

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 grant funds are recorded as temporarily restricted contributions. 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 \$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

Employees of Chez Hope, Inc. earn annual leave in varying amounts depending upon length of service. All vacation time must be used by November 30<sup>th</sup> of each year. Sick leave is earned at the rate of one day a month. Upon termination, accrued unpaid annual leave is paid to the terminated employee. No payment is made for unused sick leave. Vacation leave does not carry over. Therefore, there is no accrual in the financial statements.

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 Codification 958-605, Revenue Recognition* have not been satisfied.

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

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, 2017, 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.

J. 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.

K. Advertising

Advertising costs are expensed as incurred. Advertising expense was \$0 in 2017.

(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) Grants Receivable

Grants receivable consisted of the following at June 30, 2017:

Louisiana Commission on Law Enforcement	
VOCA	\$ 31,086
VAWA	3,021
KKIDDS	62,454
Department of Children and Family Services	<u>101,343</u>
	<u>\$ 197,904</u>

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(4) Property and Equipment

Property and equipment consisted of the following at June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 36,500	\$ 15,000	\$ -	\$ 51,500
Capital assets being depreciated			-	
Buildings and improvements	315,996	103,543	-	419,539
Office furniture and equipment	100,326	3,813	-	104,139
Vehicles	46,072	119,997	46,071	119,998
Leasehold improvements	<u>260,566</u>	<u>20,588</u>	<u>-</u>	<u>281,154</u>
	759,460	262,941	46,071	976,330
Accumulated depreciation	<u>(261,879)</u>	<u>(43,073)</u>	<u>(31,451)</u>	<u>(273,501)</u>
Property and equipment, net	<u>\$ 497,581</u>	<u>\$ 219,868</u>	<u>\$ 14,620</u>	<u>\$ 702,829</u>

Depreciation expense totaling \$43,073 was recognized in the statement of activities for the year ended June 30, 2017.

(5) Demand Note Payable

Demand note payable consists of a revolving line of credit payable to Iberia Bank in the amount of \$100,000 with interest at 5.50% per annum payable monthly. The outstanding balance on the line of credit at June 30, 2016 is \$99,999.

(6) Short-Term Debt

Short-term debt is comprised of the following at June 30, 2017:

Payable to a financing company. Payable in monthly installments of \$1,427 bearing interest at 6.20% with final payment on November 2017. Collateralized by unexpired premiums on insurance policies.

\$ 6,935

CHEZ HOPE, INC.

Notes to Financial Statements (continued)

(7) Long-Term Debt

Long-term debt is comprised of the following at June 30, 2017:

Note payable to Iberia Bank bearing interest at 5.50% per annum, due in monthly installments of \$2,346, maturing in June 2027, secured by real property	\$ 218,562
Note payable to Iberia Bank bearing interest at 5.88% per annum, due in monthly installments of \$971, maturing in April 2032, secured by real property	114,875
Note payable to Ally Bank bearing interest at 6.0% per annum, due in monthly installments, secured by vehicle	16,756
Note payable to Ally Bank bearing interest at 5.65% per annum, due in monthly installments, secured by vehicle	<u>25,205</u>
Total long-term debt	375,398
Less: current portion	<u>29,089</u>
Long-term debt, net of current portion	<u>\$ 346,309</u>

Principal maturities of long-term debt are as follows:

Year	Amount
2018	\$ 29,089
2019	30,749
2020	32,504
2021	34,360
2022	32,382
2023-2027	167,840
2028-2032	<u>48,474</u>
	<u>\$ 375,398</u>

(8) 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)

(9) Subsequent Events

Management has evaluated subsequent events through December 29, 2017, the date which the financial statements were available for issue.

(10) 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, 2017, are as follows:

Annual salary	\$61,833
Benefits - Insurance	4,372
Reimbursements	<u>523</u>
Total	<u>\$66,728</u>

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, CHAMPAGNE, 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, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

### 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 were not identified. However, we identified a deficiency in internal control that we consider to be a material weakness and which is described as item 2016-001 in the accompanying schedule of audit results.

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

Morgan City, Louisiana  
December 29, 2017

CHEZ HOPE, INC.

Schedule of Audit Results  
Year Ended June 30, 2017

Part 1: Summary of Auditor's Results

*Financial Statements*

- i. An unmodified opinion has been issued on the financial statements of Chez Hope, Inc. as of and for the year ended June 30, 2017.
- ii. One deficiency in internal control over financial reporting was disclosed during the audit of the financial statements. The deficiency was considered to be a material weakness.
- iii. No material instances of noncompliance were noted during the audit of the financial statements.
- iv. A management letter was not issued.

Part 2: Findings Related to an Audit in Accordance with *Government Auditing Standards*

2017-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: *Internal Control* is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Chez Hope, Inc.'s internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both.

CAUSE: Due to limited personnel performing administrative functions, the same person prepares checks, reconciles bank statements, enters information into the general ledger and prepares journal entries and posts to the general ledger.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The cost to achieve complete segregation of duties may not be economically feasible.

Part 3: Findings and Questioned Costs Relating to Federal Programs

Chez Hope, Inc. did not meet the requirements to have a single audit in accordance with OMB *Uniform Guidance*. Therefore, this section is not applicable.

CHEZ HOPE, INC.

Management's Response and Corrective Action Plan for Current Audit Findings  
Year Ended June 30, 2017

2017-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Based on the size of the operation and the cost-benefit of additional personnel, it may not be economically feasible to achieve complete segregation of duties.

MANAGEMENT'S RESPONSE: Chez Hope, Inc.'s board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed its benefits. However, management has worked to segregate duties and functions as much as possible without exposing sensitive information.

CHEZ HOPE, INC.

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2017

Internal Control –

2016-001 – Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: The cost to achieve complete segregation of duties may not be economically feasible.

STATUS: The conditions giving rise to this finding still remain as of year ended June 30, 2017. Therefore, this finding will be reported in year ended June 30, 2017 as item 2017-001.

OMB Uniform Guidance–

There were no findings previously reported under this section.

**CHEZ HOPE, INC.**

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2016 through June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Retired: Conrad O. Chapman, CPA\* 2006

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

We have performed the procedures enumerated below, which were agreed to by Chez Hope, Inc. (a non-profit organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. Chez Hope's management is responsible for those control and compliance 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 exceptions are as follows:

### ***Written Policies and Procedures***

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

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

*Written policies and procedures were obtained and address the functions noted above.*

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.

*Written policies and procedures were obtained and address the functions noted above except for ensuring compliance with the public bid law which is not applicable to Chez Hope.*

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

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- 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.

*Chez Hope's written policies and procedures do not address contracting.*

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

*Written policies and procedures were obtained and address the functions noted above.*

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

*Written policies and procedures were obtained and address the functions noted above.*

- 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 Chez Hope's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*Chez Hope is a nonprofit entity; therefore, written policies and procedures on ethics are not applicable.*

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

*Chez Hope's written policies and procedures do not address debt service.*

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

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

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

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met in accordance with the by-laws of Chez Hope.*

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

*Minutes made no reference to monthly budget-to-actual comparisons.*

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

*Minutes made no reference to monthly budget-to-actual comparisons; therefore, we are unable to test this item.*

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

*For at least one meeting during the fiscal period, the minutes reference non-budgetary financial information.*

### ***Bank Reconciliations***

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

*Obtained listing of client bank accounts from management and management's representation that the listing is complete.*

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

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for 8 out of 12 months.*

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

*Obtained bank statements and reconciliations for all months in the fiscal period. There was no evidence of a management review.*

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

*Obtained bank statements and reconciliations for all months in the fiscal period, noting that items that were outstanding for more than 6 months, management has documentation reflecting that it has researched its reconciling items, and they were corrected.*

### ***Collections***

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

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

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

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

*Chez Hope has a single cash collection location in which the individual responsible for collecting cash was also –*

- Responsible for depositing cash in the bank.*
- Responsible for recording the deposit.*
- Responsible for reconciling the bank statements.*

*The individual responsible for collecting cash is not appropriately bonded.*

*There are no cash registers, nor are there any sharing of cash drawers.*

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

*Chez Hope does not have a formal reconciliation process.*

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

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

*Deposits were made within one day of collection.*

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

*Collection documentation was obtained. There were no exceptions.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether Chez Hope has a process specifically defined (identified as such by Chez Hope) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*Chez Hope does not have a written process to determine the completeness of all collections for each revenue source by an individual who is not responsible for collections.*

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

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

*Obtained listing of disbursements from management and management's representation that the listing is complete.*

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

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

*Chez Hope does not utilize a purchase order / requisition system.*

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

*Examined supporting documentation for each of the twenty-five (25) disbursements selected for testing noting approval by an individual who did not initiate the purchase.*

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

*Examined supporting documentation for each of the twenty-five (25) disbursements selected for testing noting all payments were processed having a receiving report or equivalent document and an approved invoice, as necessary.*

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

*Chez Hope has written documentation prohibiting the individual responsible for processing payments from adding vendors to the purchasing/disbursement system.*

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

*Written policies and/or procedures do not prohibit individuals with signatory authority from also initiating and/or recording purchases.*

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

*The supply of unused checks is in a locked location and persons not having signatory authority have no access to those checks.*

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

*Not applicable – signature stamp or signature machine is not used.*

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

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

*Obtained management's representation that Chez Hope, Inc. did not have any active cards under the company name in which an employee or officer maintained possession of during the fiscal year.*

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

*Not applicable - see 14 above*

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

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

*Not applicable - see 14 above*

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

*Not applicable - see 14 above*

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

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

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

*Not applicable - see 14 above.*

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

*Not applicable - see 14 above.*

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

*Not applicable - see 14 above.*

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

*Not applicable - see 14 above.*

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

*Not applicable - see 14 above.*

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

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

*Obtained listing of travel and expense reimbursements during the fiscal period, by person, and management's representation that the listing is complete.*

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

*Obtained Chez Hope's written policies related to travel and expense reimbursements. Written policies only require that travel and expense reimbursements follow the Louisiana Travel Guide.*

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

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

*Expenses included on reimbursement reports were reimbursed in accordance with Chez Hope's written policies.*

- b) Report whether each expense is supported by:

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

*Each expense appearing on the report was supported by an original itemized receipt precisely identifying the purchase.*

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

*Each expense appearing on the report was supported by documentation of the business/public purpose.*

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

*Each expense appearing on the report was documented in accordance with Chez Hope policy.*

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

*Nature of the expenses reimbursed and related supporting documentation were not obscured and all reimbursements tested appear compliant with Article VII, Section 14 of the Louisiana Constitution.*

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

*For 2 of the 3 individuals selected for testing, reimbursement requests and related documentation evidenced review and approval, in writing, by someone other than the individual receiving the reimbursement.*

## **Contracts**

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

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

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

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

*Payments to vendors were supported by a written agreement describing the services to be provided and the fees to be charged.*

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

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

*As Chez Hope is a non-profit organization, none of the five (5) contracts selected for testing were subject to the requirements of the Public Bid Law.*

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

*As Chez Hope is a non-profit organization, none of the five (5) contracts selected for testing were subject to the requirements of the Public Bid Law.*

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

*None of the five (5) contracts tested were amended.*

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

*Obtained supporting invoices for the largest payment of the five (5) contracts selected for testing and compared to the contract terms. Invoices and related payments appear compliant with the terms and conditions of the contract.*

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

*Not applicable. Chez Hope does not require board approval of contracts. Contract approval is the responsibility of the executive director.*

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

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

*Obtained a listing of employees from management and management's representation that the listing is complete.*

Randomly select five employees/officials, obtain their personnel files, and:

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

*Compensation paid to the individuals tested were made in accordance with Chez Hope's authorized pay rates and/or contracts for employment without exception.*

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

*Chez Hope does not have a formal policy on changes to salaries or hourly pay rates.*

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

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

*All selected employees documented their daily attendance and leave.*

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

*Daily attendance and leave records evidence supervisory approval.*

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

*Leave records for Chez Hope personnel are maintained in writing and/or electronically.*

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

*Not applicable – there were no terminations during the fiscal period.*

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

*There were no exceptions regarding the deposit and/or payment of the employer and employee portions of payroll taxes and retirement contributions, nor the filing of related reporting forms, to the appropriate agencies by the required deadlines.*

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

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

*As Chez Hope, Inc. is a non-profit organization, steps 26 and 27 are not applicable.*

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

*Not applicable – see explanation in 26 above.*

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

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

*As Chez Hope, Inc. is a non-profit organization, steps 28 through 30 are not applicable.*

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

*Not applicable – see explanation in 28 above.*

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

*Not applicable – see explanation in 28 above.*

***Other***

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

*Management asserted that there were no misappropriations of public funds or assets during the fiscal period.*

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

*Notice required by RS 24:523.1 was posted on Chez Hope's premises; however, it is not posted on its website.*

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

*No exceptions to management's representations.*

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 control and compliance 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 control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance and is solely for use by Chez Hope's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

Morgan City, Louisiana  
December 29, 2017