

HEARTS OF HOPE

FINANCIAL REPORT

Years Ended December 31, 2024 and 2023

## HEARTS OF HOPE

|  | <u>Page No.</u> |
|--|-----------------|
| INDEPENDENT AUDITOR'S REPORT   | 1-3             |
| FINANCIAL STATEMENTS   |                 |
| Statements of Financial Position   | 4               |
| Statements of Activities   | 5               |
| Statement of Functional Expenses - 2024  | 6               |
| Statement of Functional Expenses - 2023  | 7               |
| Statements of Cash Flows   | 8               |
| Notes to the Financial Statements  | 9-18            |
| INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS  |                 |
| Independent Auditor's Report on Compliance with Requirements<br>That Could Have a Direct and Material Effect on Each Major Program<br>and on Internal Control Over Compliance in Accordance with <i>Uniform<br/>Guidance</i> | 19-21           |
| Schedule of Findings and Questioned Costs  | 22              |
| Schedule of Prior Year Findings  | 23              |
| Management's Corrective Action Plan  | 24              |



OTHER LOCATIONS:

Eunice    Morgan City    Abbeville

## INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors  
Hearts of Hope  
Lafayette, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Hearts of Hope (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hearts of Hope as of December 31, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and by the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hearts of Hope and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair representation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hearts of Hope's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to maintain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Heart of Hope's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Heart of Hope's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of prior year findings, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of prior year findings 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 June 12, 2025, on our consideration of Hearts of Hope's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hearts of Hope'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 Hearts of Hope's internal control over financial reporting and compliance.

*Darnall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

June 12, 2025

HEARTS OF HOPE  
STATEMENT OF FINANCIAL POSITION  
December 31, 2024 and 2023

|   | 2024                  | 2023                    |
|---|-----------------------|-------------------------|
| ASSETS  |                       |                         |
| CURRENT ASSETS                                      |                       |                         |
| Cash and cash equivalents                           | \$ 128,190            | \$ 240,467              |
| Grants receivable                                   | 159,617               | 165,103                 |
| Other receivables                                   | 2,811                 | 2,811                   |
| Prepaid expenses                                    | <u>23,282</u>         | <u>11,943</u>           |
| Total current assets                                | 313,900               | 420,324                 |
| PROPERTY AND EQUIPMENT                              | 431,672               | 447,262                 |
| OTHER ASSETS  |                       |                         |
| Deposits  | 2,000                 | 2,000                   |
| Right of use assets, net of amortization of \$5,843 | 13,632                | 19,475                  |
| Land held for sale                                  | 36,500                | 36,500                  |
| Beneficial interest in assets held by others        | <u>80,919</u>         | <u>75,277</u>           |
| Total other assets                                  | <u>133,051</u>        | <u>133,252</u>          |
| <br>TOTAL ASSETS                                    | <br><u>\$ 878,623</u> | <br><u>\$ 1,000,838</u> |
| LIABILITIES AND NET ASSETS                          |                       |                         |
| CURRENT LIABILITIES                                 |                       |                         |
| Accounts payable                                    | \$ 11,760             | \$ 17,743               |
| Accrued payroll                                     | 11,530                | 26,606                  |
| Accrued compensated absences                        | 21,189                | 25,289                  |
| Deferred revenue                                    | 1,218                 | 1,218                   |
| Notes payable                                       | 7,594                 | 6,867                   |
| Financing lease liability - current portion         | <u>6,025</u>          | <u>5,732</u>            |
| Total current liabilities                           | 59,316                | 83,455                  |
| LONG TERM LIABILITIES                               |                       |                         |
| Financing lease liability, net of current portion   | <u>7,967</u>          | <u>13,992</u>           |
| Total long-term liabilities                         | <u>7,967</u>          | <u>13,992</u>           |
| <br>TOTAL LIABILITIES                               | <br><u>67,283</u>     | <br><u>97,447</u>       |
| NET ASSETS  |                       |                         |
| Without donor restrictions:                         |                       |                         |
| Designated for endowment                            | 75,277                | 75,277                  |
| Undesignated  | <u>736,063</u>        | <u>828,114</u>          |
| TOTAL NET ASSETS                                    | <u>811,340</u>        | <u>903,391</u>          |
| <br>TOTAL LIABILITIES AND NET ASSETS                | <br><u>\$ 878,623</u> | <br><u>\$ 1,000,838</u> |

The Accompanying Notes are an Integral Part of These Financial Statements

HEARTS OF HOPE  
STATEMENT OF ACTIVITIES  
Years ended December 31, 2024 and 2023

|   | <u>2024</u>              | <u>2023</u>              |
|---|--------------------------|--------------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS                            |                          |                          |
| PUBLIC SUPPORT  |                          |                          |
| Grants  | \$ 1,055,913             | \$ 921,181               |
| Donations   | 13,431                   | 71,114                   |
| Fundraising   | 84,749                   | 17,002                   |
| In-kind donations   | -                        | 36,500                   |
| Service fees  | <u>123,788</u>           | <u>116,800</u>           |
| Total public support  | <u>1,277,881</u>         | <u>1,162,597</u>         |
| REVENUES  |                          |                          |
| Investment return, net  | 5,642                    | 8,557                    |
| Miscellaneous   | <u>13,886</u>            | <u>75,011</u>            |
| Total revenues  | 19,528                   | 83,568                   |
| TOTAL PUBLIC SUPPORT, REVENUES AND NET ASSETS<br>RELEASED FROM RESTRICTIONS | <u>1,297,409</u>         | <u>1,246,165</u>         |
| EXPENSES  |                          |                          |
| Program activities  |                          |                          |
| Children's advocacy center  | 521,471                  | 495,031                  |
| Sexual abuse response center  | 518,430                  | 346,346                  |
| Sexual assault nurse examiners  | <u>182,613</u>           | <u>133,201</u>           |
| Total program activities expenses and losses                                | 1,222,514                | 974,579                  |
| Supporting services   |                          |                          |
| Administrative expenses   | 158,936                  | 270,733                  |
| Fundraising expenses  | <u>8,011</u>             | <u>19,854</u>            |
| Total supporting services expenses and losses                               | 166,947                  | 290,587                  |
| Total expenses  | <u>1,389,461</u>         | <u>1,265,166</u>         |
| Change in net assets  | <u>(92,052)</u>          | <u>(19,001)</u>          |
| NET ASSETS AT BEGINNING OF YEAR   | <u>903,391</u>           | <u>922,392</u>           |
| NET ASSETS AT END OF YEAR   | <u><u>\$ 811,340</u></u> | <u><u>\$ 903,391</u></u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

HEARTS OF HOPE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2024

|                                    | Program Services             |                               |                               |                              | Supporting Services          |                 |                                 |                     |
|------------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|-----------------|---------------------------------|---------------------|
|                                    | CAC<br>Program<br>Activities | SARC<br>Program<br>Activities | SANE<br>Program<br>Activities | Total<br>Program<br>Services | Management<br>and<br>General | Fundraising     | Total<br>Supporting<br>Services | Total<br>Expenses   |
| Compensation and Related Expenses  |                              |                               |                               |                              |                              |                 |                                 |                     |
| Salaries                           | \$ 328,904                   | \$ 365,356                    | \$ 106,589                    | \$ 800,849                   | \$ 37,552                    | \$ -            | \$ 37,552                       | \$ 838,401          |
| Employee Benefits -                |                              |                               |                               |                              |                              |                 |                                 |                     |
| Payroll Taxes                      | 25,202                       | 28,375                        | 7,618                         | 61,195                       | 2,144                        | -               | 2,144                           | 63,339              |
| Group Insurance                    | 52,981                       | 45,331                        | -                             | 98,312                       | 3,519                        | -               | 3,519                           | 101,831             |
| Retirement                         | -                            | -                             | -                             | -                            | 2,096                        | -               | 2,096                           | 2,096               |
| Total Payroll and Related Expenses | 407,087                      | 439,062                       | 114,207                       | 960,356                      | 45,311                       | -               | 45,311                          | 1,005,667           |
| Annual Project/Fundraising         | -                            | -                             | -                             | -                            |                              | 2,795           | 2,795                           | 2,795               |
| Cleaning                           | 3,671                        | 2,304                         | -                             | 5,975                        | 1,045                        | -               | 1,045                           | 7,020               |
| Client Services                    | -                            | 4,423                         | 11,602                        | 16,025                       | -                            | -               | -                               | 16,025              |
| Contract Labor                     | 22,650                       | 600                           | -                             | 23,250                       | 3,000                        | -               | 3,000                           | 26,250              |
| Depreciation and Amortization      | -                            | -                             | -                             | -                            | 26,720                       | -               | 26,720                          | 26,720              |
| Dues and fees                      | 1,915                        | -                             | -                             | 1,915                        | 7,991                        | -               | 7,991                           | 9,906               |
| Education and Professional         |                              |                               |                               |                              |                              |                 |                                 |                     |
| Development                        | 914                          | 1,147                         | -                             | 2,061                        | 1,469                        | -               | 1,469                           | 3,530               |
| Insurance                          | 15,200                       | 13,480                        | 506                           | 29,186                       | 8,906                        | -               | 8,906                           | 38,092              |
| Interest                           | -                            | -                             | -                             | -                            | 856                          | -               | 856                             | 856                 |
| Legal and Accounting               | 7,501                        | 8,652                         | -                             | 16,153                       | 41,434                       | -               | 41,434                          | 57,587              |
| Marketing                          | 248                          | 851                           | 164                           | 1,263                        | 297                          | 467             | 764                             | 2,027               |
| Meetings and Receptions            | -                            | 193                           | -                             | 193                          | 2,626                        | 3,904           | 6,530                           | 6,723               |
| Office Expenses/Supplies           | 17,337                       | 15,375                        | 70                            | 32,782                       | 6,467                        | 550             | 7,017                           | 39,799              |
| Rent                               | 17,050                       | -                             | -                             | 17,050                       | -                            | -               | -                               | 17,050              |
| Sane Nurses                        |                              |                               | 47,671                        | 47,671                       | -                            | -               | -                               | 47,671              |
| Building Maintenance               | 4,926                        | 4,368                         | 20                            | 9,314                        | 5,150                        | -               | 5,150                           | 14,464              |
| Taxes and Licenses                 | -                            | -                             | -                             | -                            | 2,006                        | -               | 2,006                           | 2,006               |
| Technology                         | 1,534                        | 363                           | 7,350                         | 9,247                        | 2,765                        | -               | 2,765                           | 12,012              |
| Telephone                          | 2,568                        | 2,528                         | -                             | 5,096                        | 655                          | -               | 655                             | 5,751               |
| TOTAL EXPENSES                     | <u>\$ 521,471</u>            | <u>\$ 518,430</u>             | <u>\$ 182,613</u>             | <u>\$ 1,222,514</u>          | <u>\$ 158,936</u>            | <u>\$ 8,011</u> | <u>\$ 166,947</u>               | <u>\$ 1,389,461</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.



HEARTS OF HOPE  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2023

|                                    | Program Services             |                               |                               |                              | Supporting Services          |                  |                                 |                     |
|------------------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------|------------------|---------------------------------|---------------------|
|                                    | CAC<br>Program<br>Activities | SARC<br>Program<br>Activities | SANE<br>Program<br>Activities | Total<br>Program<br>Services | Management<br>and<br>General | Fundraising      | Total<br>Supporting<br>Services | Total<br>Expenses   |
| Compensation and Related Expenses  |                              |                               |                               |                              |                              |                  |                                 |                     |
| Salaries                           | \$ 308,540                   | \$ 232,561                    | \$ 67,734                     | \$ 608,835                   | \$ 66,279                    | \$ 14,568        | \$ 80,847                       | \$ 689,682          |
| Employee Benefits -                |                              |                               |                               |                              |                              |                  |                                 |                     |
| Payroll Taxes                      | 21,489                       | 16,157                        | 5,120                         | 42,766                       | 7,042                        | 1,042            | 8,084                           | 50,850              |
| Group Insurance                    | 36,537                       | 29,758                        | -                             | 66,295                       | 19,858                       | -                | 19,858                          | 86,153              |
| Retirement                         | -                            | -                             | -                             | -                            | 1,901                        | -                | 1,901                           | 1,901               |
| Total Payroll and Related Expenses | 366,566                      | 278,476                       | 72,854                        | 717,896                      | 95,080                       | 15,610           | 110,690                         | 828,586             |
| Annual Project/Fundraising         | -                            | -                             | -                             | -                            | 200                          | 4,244            | 4,444                           | 4,444               |
| Cleaning                           | 4,121                        | 3,016                         | -                             | 7,137                        | 1,973                        | -                | 1,973                           | 9,110               |
| Client Services                    | -                            | -                             | 45,431                        | 45,431                       | -                            | -                | -                               | 45,431              |
| Contract Labor                     | 36,264                       | 19,903                        | -                             | 56,167                       | 4,081                        | -                | 4,081                           | 60,248              |
| Depreciation and Amortization      | -                            | -                             | -                             | -                            | 26,456                       | -                | 26,456                          | 26,456              |
| Dues and fees                      | 6,579                        | 12                            | -                             | 6,591                        | 4,602                        | -                | 4,602                           | 11,193              |
| Education and Professional         |                              |                               |                               |                              |                              |                  |                                 |                     |
| Development                        | 4,320                        | 2,394                         | -                             | 6,714                        | 638                          | -                | 638                             | 7,352               |
| Insurance                          | 2,036                        | 1,740                         | -                             | 3,776                        | 23,562                       | -                | 23,562                          | 27,338              |
| Interest                           | 601                          | 533                           | -                             | 1,134                        | 1,150                        | -                | 1,150                           | 2,284               |
| Legal and Accounting               | 13,644                       | 11,545                        | -                             | 25,189                       | 63,204                       | -                | 63,204                          | 88,393              |
| Marketing                          | 299                          | 2,700                         | -                             | 2,999                        | 4,006                        | -                | 4,006                           | 7,005               |
| Meetings and Receptions            | -                            | -                             | -                             | -                            | 2,720                        | -                | 2,720                           | 2,720               |
| Office Expenses/Supplies           | 9,296                        | 7,307                         | 86                            | 16,689                       | 9,214                        | -                | 9,214                           | 25,903              |
| Rent                               | 20,150                       | -                             | -                             | 20,150                       | -                            | -                | -                               | 20,150              |
| Building Maintenance               | 7,698                        | 2,858                         | -                             | 10,556                       | 7,100                        | -                | 7,100                           | 17,656              |
| Taxes and Licenses                 | -                            | -                             | -                             | -                            | 309                          | -                | 309                             | 309                 |
| Technology                         | 4,803                        | 3,135                         | 14,830                        | 22,768                       | 18,264                       | -                | 18,264                          | 41,032              |
| Telephone                          | 2,751                        | 2,440                         | -                             | 5,191                        | 550                          | -                | 550                             | 5,741               |
| Travel                             | 9,948                        | 5,006                         | -                             | 14,954                       | 3,790                        | -                | 3,790                           | 18,744              |
| TOTAL EXPENSES                     | <u>\$ 495,031</u>            | <u>\$ 346,346</u>             | <u>\$ 133,201</u>             | <u>\$ 974,579</u>            | <u>\$ 270,733</u>            | <u>\$ 19,854</u> | <u>\$ 290,587</u>               | <u>\$ 1,265,166</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

HEARTS OF HOPE  
STATEMENT OF CASH FLOWS  
Years ended December 31, 2024 and 2023

|   | <u>2024</u>       | <u>2023</u>       |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                   |                   |
| Decrease in Net Assets  | \$ (92,052)       | \$ (19,001)       |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Flows from Operating Activities: |                   |                   |
| Depreciation and amortization   | 26,720            | 26,456            |
| Earnings from endowment funds   | (4,644)           | (3,890)           |
| Unrealized (gain)/loss on endowment funds   | (998)             | (4,667)           |
| Changes in Current Assets and Liabilities   |                   |                   |
| Grants receivables  | 5,486             | 48,501            |
| Other receivables   | -                 | 4,989             |
| Prepaid expenses  | (11,339)          | 5,731             |
| Deposits  | -                 | (2,000)           |
| Land Held for Sale  | -                 | (36,500.00)       |
| Accounts payable  | (5,983)           | 4,731             |
| Accrued payroll   | (15,076)          | 2,317             |
| Accrued compensated absences  | <u>(4,100)</u>    | <u>13,037</u>     |
| Net Cash Used by Operating Activities   | <u>(101,986)</u>  | <u>39,704</u>     |
| CASH FLOWS FROM INVESTING ACTIVITIES  |                   |                   |
| Purchase of fixed assets  | <u>(5,286)</u>    | <u>-</u>          |
| Net Cash Used by Investing Activities   | <u>(5,286)</u>    | <u>-</u>          |
| CASH FLOWS FROM FINANCING ACTIVITIES  |                   |                   |
| Net increase in note payable  | 727               | 3,244             |
| Principal payments on finance lease   | <u>(5,732)</u>    | <u>(3,573)</u>    |
| Net Cash Used by financing activities   | <u>(5,005)</u>    | <u>(329)</u>      |
| Net Decrease in Cash  | (112,277)         | 39,375            |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR  | <u>240,467</u>    | <u>201,092</u>    |
| CASH AND CASH EQUIVALENTS, END OF YEAR  | <u>\$ 128,190</u> | <u>\$ 240,467</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

Hearts of Hope  
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hearts of Hope (the Organization) is a non-profit organization and is the only sexual trauma center in Acadiana. The Organization oversees all sexual assault reporting and case management for children and adult victims in the community. These services include providing help and healing for survivors of sexual trauma and violent crimes, and assistance in lessening the trauma experienced by child victims when abuse allegations are investigated. When a patient makes a disclosure of sexual assault, Hearts of Hope collects and documents skillful forensic evidence with compassionate care, then assists throughout court proceedings. Staff and volunteers maintain a 24-hour crisis line and provide escort services to the area hospitals.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets without Donor Restrictions* – Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

*Net Assets with Donor Restrictions* – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

Public Support and Revenue

Contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor restricted contributions, if any, are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Hearts of Hope  
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue (Continued)

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service.

Revenue and Revenue Recognition

Contributions are recognized when the donor makes a commitment to give and the contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Contributions designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Contributions whose restrictions have been met in the same reporting period are included as support in net assets without donor restrictions.

At the beginning of 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did not change how the allowance for credit loss is determined.

Grants receivable represents amounts owed to the Organization for costs incurred under federal and state grant contracts which are reimbursable to the Organization. Grants receivables are stated at unpaid balances, less an allowance for credit losses, if applicable. The Organization provides for losses on grants receivables using the allowance method. The allowance is based on experience with collections from granting agencies. It is the Organization's policy to charge off uncollectible grants receivable when management determines that the receivable will not be collected. Management feels that all receivables are collectible, and as such, no allowance for credit losses has been established.

Donated Facilities, Materials, and Services

The Organization is housed in a building located at 911 General Mouton owned by the Lafayette Consolidated Government. The Organization has use of the building at no cost and there is nothing in the financial statements to reflect the cost. No fair market value has been determined.

The Organization receives significant donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because no objective basis is available to measure the value of such services.

Hearts of Hope  
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Property and Equipment

Property and equipment are stated at cost for assets purchased and at fair value at the date of donation for contributed assets. Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years.

Lease Commitments

In February 2016, the FASB issued ASU 842, Leases. This accounting standard requires leases to recognize right-of-use assets and lease liabilities related to lease arrangements longer than twelve (12) months on the statements of financial position as well as additional disclosures. The standard was effective for the Organization for the year beginning January 1, 2022.

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Organization's balance sheet. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the Organization's balance sheet.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

Hearts of Hope  
Notes to the Financial Statements

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Lease payments for leases with a term of twelve (12) months or less are expensed on a straight-line bases over the term of the lease asset or liability recognized.

Compensated Absences

Sick time is accumulated as a single compensated absence. Eight hours are earned per month for all full-time employees (employees working 30 hours or more per week). Any unused accumulated balance can be carried forward to the following year. However, sick leave is forfeited upon leaving employment; accordingly, no liability has been recorded in the accompanying financial statements for sick time.

Vacation time is earned monthly based on length of service for all full-time employees. Any unused accumulated balance is forfeited at the end of each year. However, earned vacation time is paid-out upon termination of employment; accordingly, a liability has been recorded in the accompanying financial statements for vacation time. Accrued compensated absences as of December 31, 2024 and 2023 amounted to \$21,189 and \$25,289, respectively.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs were \$1,427 and \$7,005 for December 31, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities as either program or supporting services. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than private foundation, therefore has no provision for federal income taxes. However, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the fiscal year under audit.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for the tax periods in progress.

Hearts of Hope  
Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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.

Fair Value Consideration

Fair value is used to measure financial and certain nonfinancial assets and liabilities measured or disclosed at fair value on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity's internal assumptions based on the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

Fair value is used to measure financial and certain nonfinancial assets and liabilities measured or disclosed at fair value on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy established and prioritized fair value measurements into three levels based on the nature of the inputs. The hierarchy gives the highest priority to inputs based on market data from independent sources (observable inputs – Level 1) and the lowest priority to a reporting entity's internal assumptions based on the best information available when external market data is limited or unavailable (unobservable inputs – Level 3).

The fair value option allows organizations to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value that are not otherwise required to be measured at fair value. If an organization elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The fair value option was not elected for the measurements of any eligible assets or liabilities.

The estimated fair values of each organization's short-term financial instruments (primarily cash and cash equivalents, receivables, accounts payable, accrued expenses, short-term debt and lines of credit) approximate their individual carrying amounts due to the relatively short period between their origination and expected realization or payment. Based on market rates for similar loans, the fair value of long-term debt approximates their carrying value.

Hearts of Hope  
Notes to the Financial Statements

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures because of donor-imposed regulations and board designations.

|   | <u>2024</u>       | <u>2023</u>       |
|---|-------------------|-------------------|
| <u>Financial assets at year end:</u>  |                   |                   |
| Cash and cash equivalents   | \$ 128,190        | \$ 240,467        |
| Grant funds receivable  | 159,617           | 165,103           |
| Other receivables   | <u>2,811</u>      | <u>2,811</u>      |
| Total financial assets available to meet general expenditures over the next twelve months | <u>\$ 290,618</u> | <u>\$ 408,381</u> |

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best described based upon quoted market prices. The Organization utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis. The Organization has no assets or liabilities recorded at their fair value on a nonrecurring basis.

The Organization uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2024, all of the Organization investments are Level 1.

Investments at December 31, 2024 are summarized as follows:

|                   | <u>Costs</u>     | <u>Fair Value</u> | <u>Unrealized Appreciation</u> |
|-------------------|------------------|-------------------|--------------------------------|
| Money Market      | \$ 32,052        | \$ 32,102         | \$ 50                          |
| Fixed Income      | 22,675           | 23,124            | 449                            |
| Equity            | <u>25,194</u>    | <u>25,693</u>     | <u>499</u>                     |
| Total Investments | <u>\$ 79,921</u> | <u>\$ 80,919</u>  | <u>\$ 998</u>                  |



Hearts of Hope  
Notes to the Financial Statements

NOTE 4    ENDOWMENT FUND

In 2003, the Organization transferred \$10,000 to the Community Foundation of Acadiana, Inc. to open an endowment fund for the benefit of the Children’s Advocacy Center and Sexual Abuse Response Center Fund (“CAC/SARC Fund”). The Foundation has limited variance power over the fund. In the event that a donor restriction becomes unnecessary, incapable of fulfillment, or inconsistent with the needs of the community, the Foundation may modify the restriction through the exercise of the variance power. Distribution from the Fund can be made solely for the support of the purposes of the Organization once the investment has reached \$1,000,000, as stipulated by the Organization’s Board of Directors. Effective September 14, 2021, the Organization’s Board of Directors removed the \$1,000,000 stipulation. The Board designated \$0 for endowment purposes for the years ended December 31, 2024 and 2023.

The fund is invested in 50% equity funds, 45% fixed income funds, and 5% in money market funds. The assets of the fund shall be held and invested by the Foundation. There were no distributions from the fund during the years ended December 31, 2024 and 2023.

The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The endowment investment is reflected in the financial statements as a Beneficial Interest in Assets Held by Others and Net Assets without Donor Restrictions – Designated for Endowment. Changes in the endowment fund net assets were as follows:

|  | <u>2024</u>      | <u>2023</u>      |
|--|------------------|------------------|
| Board - Designated Endowment Net Assets, Beginning of Year | \$ 75,277        | \$ 68,741        |
| Investment Return, Net                                     | <u>5,642</u>     | <u>6,536</u>     |
| Board - Designated Endowment Net Assets, End of Year       | <u>\$ 80,919</u> | <u>\$ 75,277</u> |

Hearts of Hope  
Notes to the Financial Statements

NOTE 5    PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2024 and 2023:

|   | <u>2024</u>      | <u>2023</u>       |
|---|------------------|-------------------|
| Building and Improvements                 | \$582,542        | \$ 577,255        |
| Office Equipment, Furniture, and Fixtures | 47,627           | 47,627            |
| Total Property and Equipment              | <u>630,169</u>   | <u>624,882</u>    |
| Less: Accumulated Depreciation            | <u>(198,497)</u> | <u>(177,620)</u>  |
| Property & Equipment, Net                 | <u>\$431,672</u> | <u>\$ 447,262</u> |

Total depreciation expense for the years ended December 31, 2024 and 2023 were \$20,613 and \$19,339, respectively.

NOTE 6    PROPERTY HELD FOR SALE

Property held for sale consist of the following:

|                      | <u>2024</u>      | <u>2023</u>      |
|----------------------|------------------|------------------|
| Land - Lafayette, LA | <u>\$ 36,500</u> | <u>\$ 36,500</u> |

In December 2023, the Organization received a land donation. The land was listed for sale in March 2024.

NOTE 7    NOTE PAYABLE

On May 8, 2024, the Organization entered into an interest-bearing note agreement in the amount of \$24,275 to finance insurance premiums. The note will require ten monthly installments of \$2,594 bearing an interest rate of 14.65%.

On May 8, 2023, the Organization entered into an interest-bearing note agreement in the amount of \$21,452 to finance insurance premiums. The note will require 10 monthly installments of \$2,287 bearing an interest rate of 14.15%.

At December 31, 2024 and 2023, the amount outstanding on the notes payable was \$6,867 and \$3,623, respectively. Interest expense amounted to \$1,473 and \$2,284 for the years ended December 31, 2024 and 2023, respectively.

Hearts of Hope  
Notes to the Financial Statements

NOTE 8 FINANCE LEASE - LESSEE

The Organization has a financing lease for two copiers. The following summarizes the line items in the balance sheet which includes amounts for the finance lease as of December 31, 2024:

**Lease cost**

Finance lease cost:

|                                     |                         |
|-------------------------------------|-------------------------|
| Amortization of right-of-use assets | \$ 5,843                |
| Interest on lease liabilities       | 856                     |
| Short-term lease cost               | <u>17,050</u>           |
| Total lease cost                    | <u><u>\$ 23,749</u></u> |

**Other information**

Cash paid for amounts included in measurement of lease liabilities:

|  |            |
|--|------------|
| Operating cash flows - finance leases                  | \$ (856)   |
| Financing cash flows - finance leases                  | \$ (5,732) |
| Weighted-average remaining lease term - finance leases | 2.25 years |
| Weighted-average discount rate - finance leases        | 5.00%      |

The approximate future minimum lease payments under finance leases as of December 31, 2024 are as follows:

|                                      | <u>Finance Leases</u>   |
|--------------------------------------|-------------------------|
| 2025                                 | 6,588                   |
| 2026                                 | 6,588                   |
| 2027                                 | <u>1,647</u>            |
| Total undiscounted lease obligations | 14,823                  |
| Less imputed interest                | <u>(831)</u>            |
| Present value of lease obligations   | <u><u>\$ 13,992</u></u> |

NOTE 9 RETIREMENT PLAN

The Organization began offering its employees the opportunity to participate in a "Simple IRA" retirement plan. All eligible employees who work full time or over 30 hours per week may contribute from one percent (1%) of their gross pay upward. The Organization matches their contribution at two percent (2%) of gross pay. Contributions made for the years ended December 31, 2024 and 2023 totaled \$2,096 and \$1,901, respectively.

NOTE 10 LITIGATION AND OTHER MATTERS

There is no litigation pending against the Organization. The Organization's management believes that any potential lawsuits would be adequately covered by insurance or resolved without any material impact upon the Organization's financial statements.

Hearts of Hope  
Notes to the Financial Statements

NOTE 11 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2024, the Organization had no uninsured cash balances.

The majority of the Organization's revenues and grants receivable are from sub grants of U.S. Department of Justice Grants through the Louisiana Commission on Law Enforcement, Louisiana Alliance of Children's Advocacy Center, and Louisiana Foundation Against Sexual Assault, Inc. A change in this funding could substantially affect the operations of the Organization.

NOTE 12 NONCOMPLIANCE WITH GRANTOR RESTRICTIONS

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 13 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO DIRECTOR

A detail of compensation, benefits, and other payments made to the Executive Director, Kim Young, for the years ended December 31, 2024 and 2023 are as follows:

| <u>Purpose</u>        | <u>2024</u>       | <u>2023</u>       |
|-----------------------|-------------------|-------------------|
| Salary                | \$ 96,522         | \$ 96,997         |
| Benefits - Insurance  | 16,402            | 12,431            |
| Benefits - Retirement | 2,600             | 2,600             |
| Travel                | 1,975             | 279               |
| Total                 | <u>\$ 117,499</u> | <u>\$ 112,307</u> |

NOTE 14 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 12, 2025, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

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  
Hearts of Hope  
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hearts of Hope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 June 12, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hearts of Hope's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hearts of Hope's internal control. Accordingly, we do not express an opinion on the effectiveness of Hearts of Hope'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Hearts of Hope's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization'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, therefore its distribution is not limited.

*Darnall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

June 12, 2025

HEARTS OF HOPE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2024

We have audited the financial statements of Hearts of Hope as of and for the year ended December 31, 2024, and have issued our report thereon dated June 12, 2025. We conducted our audit in accordance with generally accepted auditing standards of 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. Our audit of the financial statements of December 31, 2024 resulted in an unmodified opinion.

Section I. Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

|                          |                              |  |
|--------------------------|------------------------------|--|
| Significant Deficiencies | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Material Weaknesses      | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Compliance

|   |                              |  |
|---|------------------------------|--|
| Compliance Material to Financial Statements | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

Section II. Financial Statement Findings

This section is not applicable for the fiscal year ended December 31, 2024.

Section III. Federal Award Findings and Questioned Costs

This section is not applicable for the fiscal year ended December 31, 2024.



HEARTS OF HOPE  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED DECEMBER 31, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT:

A. Internal Control Findings –

**2023-001 - Inadequate Segregation of Accounting Functions**

Finding: The Organization did not have adequate segregation of accounting functions.

Views of Responsible Officials and Planned Correction Action: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. Management will continue to monitor mitigating controls over accounting functions that are not completely segregated.

Current Status: Resolved.

B. Compliance Finding –

This section is not applicable for the year ended December 31, 2024.

FINDINGS – MAJOR FEDERAL AWARD PROGRAM AWARDS

A. Internal Control Findings –

This section is not applicable for the year ended December 31, 2024.

B. Compliance Finding –

This section is not applicable for the year ended December 31, 2024.

HEARTS OF HOPE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS  
YEAR ENDED DECEMBER 31, 2024

This section is not applicable for the year ended December 31, 2024.



OTHER LOCATIONS:

Eunice    Morgan City    Abbeville

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

To the Members of  
Hearts of Hope  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2024 through December 31, 2024. Hearts of Hope's management is responsible for those C/C areas identified in the SAUPs.

Hearts of Hope has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Bank Reconciliations***

---

1. Obtain a listing of entity 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Obtained a listing of the entity's bank accounts for the fiscal period from management along with management's representation that the listing was complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

The bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date.

- 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  
Not required to be tested in 2024.
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
- d) Not required to be tested in 2024.

### ***Collections (excluding electronic funds transfers)***

---

- 2. 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 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposits sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared along with management's representation that the listing is complete.

- 3. 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., 5 collection locations for 5 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:

Obtained a listing of collection locations for each deposit site selected for the fiscal period along with management's representation that the listing is complete.

- a) Employees responsible for cash collections do not share cash drawers/registers.  
Not required to be tested in 2024.
- 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.  
Not required to be tested in 2024.
- 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.  
Not required to be tested in 2024.
- 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/official verifies the reconciliation.  
Not required to be tested in 2024.

4. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Not required to be tested in 2024.

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Observed cash receipts noting that they are sequentially pre-numbered as applicable

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Not required to be tested in 2024.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Not required to be tested in 2024.

- d) Observe 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 and the cash is stored securely in a locked safe or drawer).

Not required to be tested in 2024.

- e) Trace the actual deposit per the bank statement to the general ledger.

Not required to be tested in 2024.

We were engaged by Hearts of Hope to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Hearts of Hope and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

***Darnall, Sikes & Frederick***

A Corporation of Certified Public Accountants

Lafayette, Louisiana

June 12, 2025