
**Children's Advocacy Center
Hope House**

Financial Statements

December 31, 2023

Childrens Advocacy Center - Hope House
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Independent Auditor's Report

To the Board of Directors
Childrens Advocacy Center - Hope House
Covington, Louisiana

Opinions

We have audited the accompanying financial statements of Childrens Advocacy Center - Hope House (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, 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 Childrens Advocacy Center - Hope House as of December 31, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Childrens Advocacy Center - Hope House, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 presentation 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 Childrens Advocacy Center - Hope House's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain 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 opinions. 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Childrens Advocacy Center - Hope House'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Childrens Advocacy Center - Hope House's ability to continue as a going concern for a reasonable period of time.

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.

Report on Summarized Comparative Information

We have previously audited Childrens Advocacy Center - Hope House's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of compensation, benefits, and other payments to executive director and schedule of justice system funding – receiving entity, as required by the State of Louisiana, are 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 the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Covington, Louisiana
June 26, 2024

Financial Statements

Childrens Advocacy Center - Hope House
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 703,911	\$ 768,909
Grants receivable	133,580	216,618
	<u>837,491</u>	<u>985,527</u>
Noncurrent Assets		
Investments	732,917	355,845
Endowment investments	32,443	-
Property and equipment, net	613,763	477,070
	<u>1,379,123</u>	<u>832,915</u>
	<u><u>\$ 2,216,614</u></u>	<u><u>\$ 1,818,442</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 3,459	\$ 4,270
Accrued payroll and related expenses	9,886	21,237
	<u>13,345</u>	<u>25,507</u>
Net Assets		
Without donor restrictions		
Board designated endowment	32,443	-
Undesignated	2,170,826	1,792,935
	<u>2,203,269</u>	<u>1,792,935</u>
	<u><u>\$ 2,216,614</u></u>	<u><u>\$ 1,818,442</u></u>

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

Childrens Advocacy Center - Hope House
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023 and 2022

	2023	2022
Public Support and Revenue		
Grants	\$ 735,783	\$ 611,707
Local government funding	125,975	114,291
Contributions	351,754	484,350
In-kind donations	50,775	30,796
Fundraising	375,300	271,775
Investment returns (losses)	33,103	(4,633)
Endowment investment returns (losses)	1,607	-
Other income	4,433	2,079
	<u>1,678,730</u>	<u>1,510,365</u>
Expenses		
Program services		
Children's advocacy	919,672	808,001
Supporting services		
Management and general	216,240	186,679
Fundraising	132,485	105,947
	<u>348,725</u>	<u>292,626</u>
	<u>1,268,396</u>	<u>1,100,627</u>
Operating income	<u>410,334</u>	<u>409,738</u>
Change in net assets without donor restrictions	410,334	409,738
Net assets, beginning of year	1,792,935	1,383,197
Net assets, end of year	<u>\$ 2,203,269</u>	<u>\$ 1,792,935</u>

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

Childrens Advocacy Center - Hope House
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Supporting Services			Total
	Children's Advocacy	Management and General	Fundraising	Total Supporting Services	
Salaries and related taxes	\$ 552,797	\$ 78,042	\$ 19,511	\$ 97,553	\$ 650,350
Employee benefits	44,479	6,279	1,570	7,849	52,328
Counseling services and supplies	99,209	-	-	-	99,209
Training	28,585	3,898	-	3,898	32,483
Insurance	12,465	1,760	440	2,200	14,665
Legal and professional	-	25,368	-	25,368	25,368
Administrative expenses	25,946	25,946	-	25,946	51,891
Supplies	11,067	7,845	46,466	54,311	65,378
Dues and subscriptions	1,228	8,788	-	8,788	10,016
Repairs and maintenance	28,326	4,071	1,527	5,598	33,924
Depreciation	28,827	4,070	1,017	5,087	33,914
Telephone	9,900	1,423	534	1,957	11,857
Utilities	9,655	1,387	520	1,907	11,562
Advertising and promotional items	-	26,811	8,937	35,748	35,748
Meals and entertainment	-	7,361	22,413	29,774	29,774
Travel	50,281	7,098	1,775	8,873	59,154
In-kind donations	16,907	6,093	27,775	33,868	50,775
	<u>\$ 919,672</u>	<u>\$ 216,240</u>	<u>\$ 132,485</u>	<u>\$ 348,725</u>	<u>\$ 1,268,396</u>

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

Childrens Advocacy Center - Hope House
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Supporting Services			Total
	Children's Advocacy	Management and General	Fundraising	Total Supporting Services	
Salaries and related taxes	\$ 511,325	\$ 72,187	\$ 18,047	\$ 90,234	\$ 601,559
Employee benefits	76,925	10,860	2,715	13,575	90,500
Counseling services and supplies	60,656	-	-	-	60,656
Training	5,041	687	-	687	5,728
Insurance	10,525	1,486	371	1,857	12,382
Legal and professional	-	14,420	-	14,420	14,420
Administrative expenses	22,942	22,942	-	22,942	45,884
Supplies	1,358	8,002	57,321	65,323	66,681
Dues and subscriptions	1,950	9,473	-	9,473	11,423
Repairs and maintenance	36,815	5,291	1,984	7,275	44,090
Depreciation	23,287	3,288	822	4,110	27,397
Telephone	7,080	1,017	382	1,399	8,479
Utilities	9,267	1,332	499	1,831	11,098
Advertising and promotional items	-	25,430	8,477	33,907	33,907
Meals and entertainment	-	3,641	7,597	11,238	11,238
Travel	20,730	2,927	732	3,659	24,389
In-kind donations	20,100	3,696	7,000	10,696	30,796
	<u>\$ 808,001</u>	<u>\$ 186,679</u>	<u>\$ 105,947</u>	<u>\$ 292,626</u>	<u>\$ 1,100,627</u>

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

Childrens Advocacy Center - Hope House
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Operating income	\$ 410,334	\$ 409,738
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	33,914	27,397
Unrealized (gains) losses on investments	(11,724)	16,336
Unrealized (gains) losses on endowment investment	(1,411)	-
Realized (gains) losses on investments	512	(8,750)
(Increase) decrease in:		
Grants receivable	83,038	(137,911)
Security deposit	-	850
Increase (decrease) in:		
Accounts payable	(811)	(989)
Accrued payroll expenses	(11,351)	12,655
Net cash provided by operating activities	<u>502,501</u>	<u>319,326</u>
Cash Flows From Investing Activities		
Maturities of certificates of deposits	-	60,748
Purchases of certificates of deposit	(394,469)	(225,000)
Sales and maturities of investments	60,929	60,850
Purchases of investments	(32,320)	(56,418)
Purchases of endowment investments	(31,032)	-
Purchases of property and equipment	(170,607)	(186,679)
Net cash used in investing activities	<u>(567,499)</u>	<u>(346,499)</u>
Decrease in cash and cash equivalents	(64,998)	(27,173)
Cash and cash equivalents, beginning balance	768,909	796,082
Cash and cash equivalents, ending balance	<u>\$ 703,911</u>	<u>\$ 768,909</u>

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

Childrens Advocacy Center - Hope House

Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Childrens Advocacy Center - Hope House (the “Center”) is an independent nonprofit organization formed on May 31, 1994 in the State of Louisiana. The Center is dedicated to ending the cycle of child abuse in the community by providing a path to justice and a bridge to healing for child victims of abuse. The Center provides forensic interviewing, family advocacy, counseling services, and prevention outreach within St. Tammany Parish and Washington Parishes.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The supplementary schedule of justice system funding – receiving entity has been prepared on the cash basis as required by Act 87 of Louisiana’s 2020 regular legislative session.

Financial Statement Presentation

The financial statements of the Center are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the “Guide”).

Net Assets

Under the provisions of the Guide, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statements of activities. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net assets without donor restriction: net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Center, the environment in which it operates, and the purposes specified in its corporate documents.
- Net assets with donor restriction: net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

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

Childrens Advocacy Center - Hope House

Notes to Financial Statements

Reclassifications

Certain revenue and expense accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications had no effect on net assets.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function.

Cash and Cash Equivalents

For financial statement purposes, cash includes demand deposits and cash equivalents include amounts in money market funds. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments

Investments consist of certificates of deposit, money market funds, and pooled investments and are carried at fair value. Purchases and sales of investments are recorded on trade dates and realized gains and losses are determined on the basis of average cost of securities sold. Investment return includes interest, dividends, administrative fees, and realized and unrealized gains and losses, and is included in the statement of activities and changes in net assets as investment returns or losses in net assets without donor restrictions.

Accounts Receivable

Accounts receivable consists of fees due from a local governmental entity. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Center's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has deemed all balances to be collectible at December 31, 2023 and 2022; therefore, no allowance for doubtful accounts has been reported.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	15 - 39 years
Computers and equipment	5 - 7 years
Furniture and fixtures	5 - 10 years

Repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

Grants and Contributions

The Center follows ASC Subtopic 958-605, *Revenue Recognition*, to recognize cash contributions from individuals and domestic organizations. These contributions, including unconditional promises, are recognized as revenue when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions which are fulfilled in the time period in which the contribution is received are recorded as net assets without donor restrictions in the financial statements. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

In-Kind Donations

In-kind donations consist of unrestricted items and services provided by donors for the Center's daily operations and fundraising events during the current fiscal. These items are recorded as support at their estimated fair value at the date of donation. The items and services have been utilized during the current fiscal year. The amounts reflected in the accompanying financial statements as in-kind donations are offset by like amounts included in expenses.

Contributed Services

A number of volunteers have donated significant time to the Center's operations relating to children's advocacy, administrative assistance, and fundraising events. The value of donated volunteer services is not recorded to the financial statements since no objective basis is available to measure the value of such services.

Advertising Costs

Advertising costs are expensed as incurred and allocated among the programs and supporting services benefited within the operating services and supplies line item on the statement of functional expenses. Advertising expenses were \$35,748 for the year ended December 31, 2023 and \$33,907 for the year ended December 31, 2022.

Employee Retirement Benefits

The Center provides a defined contribution retirement plan (the "Plan") that is a savings plan operating under Section 401(k) of the Internal Revenue Code for all employees who are over the age of 21. The purpose of the Plan is to provide retirement benefits for participating employees. Under the Plan, the Center matches up to three percent of employee payroll of covered employees. The contributions, together with voluntary employee contributions, are invested by a third-party investment advisory company, the rights to which immediately vest with the employees. The Center reported contributions to the Plan of \$14,771 for the year ended December 31, 2023 and \$15,103 for the year ended December 31, 2022.

Income Taxes

The Center has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements. With few exceptions, the Center is no longer subject to federal or state examinations by tax authorities for the year before 2020.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

The Center follows the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the FASB Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Center's information tax returns. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits or obligations identified or recorded for the years ended December 31, 2023 and 2022.

2. Liquidity and Availability

The Center has \$950,939 of financial assets available within one year of the statement of financial position date. The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, the Center invests cash in excess of daily requirement in deposit savings accounts, money market funds, and certificates of deposit.

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

	2023	2022
Cash and cash equivalents	\$ 703,911	\$ 768,909
Grants receivable	133,580	216,618
Investments	732,917	355,845
	<u>\$ 1,570,408</u>	<u>\$ 1,341,372</u>

3. Investments

Investments are carried at fair value and are comprised of the following at December 31:

	2023	2022
Certificates of deposit	\$ 619,469	\$ 225,000
Exchange traded and mutual funds	-	29,681
Pooled investments held by Northshore		
Community Foundation on behalf of Hope House	113,448	101,164
	<u>\$ 732,917</u>	<u>\$ 355,845</u>

Childrens Advocacy Center - Hope House

Notes to Financial Statements

The following schedule summarizes investment returns(losses) including interest and administrative fees, and its classification in the financial statements for the years ended December 31:

	2023	2022
Unrealized gains (losses) on investments	\$ 11,724	\$ (16,336)
Realized gains (losses) on investments	(512)	8,750
Interest and dividend income	22,900	3,943
Investment fees	(1,009)	(990)
	<u>\$ 33,103</u>	<u>\$ (4,633)</u>

Custodial Credit Risk

The risk that in the event of the failure of the counterparty to a transaction the Center will not be able to recover the value of investments that are in the possession of an outside party. At December 31, 2023 and 2022, the Center's investments in certificates of deposit, exchange traded and mutual funds, and external investment pools are not susceptible to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

For an investment, interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Investments held for longer periods are generally subject to increased risk of value fluctuations due to interest rate changes.

Concentration of Credit Risk

The risk of loss that may occur due to the amount of investment in a single issuer. At December 31, 2023, the Center's investments are held by the Northshore Community Foundation within a pooled investment.

4. Board Designated Endowment

The Center's Board of Directors has designated an investment account as a general endowment fund to support the mission of the Center. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as assets without donor restrictions.

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

Accordingly, over the long term, the Center expects the current spending policies to allow its endowment to grow annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The following schedule summarizes the changes in the endowment net assets for the year ended December 31, 2023:

Beginning balance	\$ -
Purchases of investments	31,032
Unrealized gains on investments	1,411
Ending balance	<u>\$ 32,443</u>

The board designated endowment was comprised of the following investments at December 31:

	<u>2023</u>	<u>2022</u>
Pooled investments held by Northshore		
Community Foundation on behalf of Hope House	<u>\$ 32,443</u>	<u>\$ -</u>

The following schedule summarizes endowment investment return (loss), including interest and administrative fees, and its classification in the financial statements for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Unrealized gains (losses) on investments	\$ 1,411	\$ -
Interest and dividend income	769	-
Investment fees	(573)	-
	<u>\$ 1,607</u>	<u>\$ -</u>

The investments note disclosure for custodial credit risk, interest rate risk, and concentration of credit risk at Note 3 also applies to the portion of investments held as an endowment.

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. The Center has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

Childrens Advocacy Center - Hope House

Notes to Financial Statements

- Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – Unobservable inputs for the asset or liability, including the reporting entity’s own assumptions in determining the fair value measurement.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The investments in the Northshore Community Foundation pool represent various specific investments and various pools of funds held by Northshore Community Foundation for the benefit of the Center and other non-profit organizations. These funds are measured on a recurring basis through estimates and assumptions made by the Northshore Community Foundation. All of the Center’s pooled investments held by the Northshore Community Foundation are considered level 2 investments. Certificates of deposit are valued at amortized cost which approximates fair value and are considered a level 2 investment.

The following table sets forth by level the Center’s assets at fair value at December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Certificates of deposit	\$ -	\$ 619,469	\$ -	\$ 619,469
Pooled investments	-	113,448	-	113,448
	<u>-</u>	<u>732,917</u>	<u>-</u>	<u>732,917</u>
Investments - Endowment				
Pooled investments	-	32,443	-	32,443
	<u>\$ -</u>	<u>\$ 765,360</u>	<u>\$ -</u>	<u>\$ 765,360</u>

The following table sets forth by level the Center’s assets at fair value at December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Certificates of deposit	\$ -	\$ 225,000	\$ -	\$ 225,000
Equities and exchange traded funds	29,681	-	-	29,681
Pooled investments	-	101,164	-	101,164
	<u>\$ 29,681</u>	<u>\$ 326,164</u>	<u>\$ -</u>	<u>\$ 355,845</u>

Childrens Advocacy Center - Hope House

Notes to Financial Statements

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Assets not being depreciated		
Land	\$ 57,013	\$ 57,013
Construction in progress	-	15,870
	<u>57,013</u>	<u>72,883</u>
Assets being depreciated		
Building and improvements	627,326	484,640
Computers and equipment	79,990	61,615
Furniture and fixtures	41,243	26,143
	<u>748,559</u>	<u>572,398</u>
Less: accumulated depreciation	<u>(191,809)</u>	<u>(168,211)</u>
	<u>556,750</u>	<u>404,187</u>
	<u>\$ 613,763</u>	<u>\$ 477,070</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$33,914 and \$27,397, respectively.

7. Contingency

The Center entered into an agreement with Nobles Construction, LLC on December 4, 2022 for the construction of a new site at 328 Austin Street in Bogalusa, Louisiana at a total cost of \$112,500. The Center paid a retainer of \$8,946 on December 22, 2022 with the remaining \$103,554 to be paid in increments as the project progresses. The project was completed during the 2023 calendar year, and the second location is now fully operational.

8. Concentrations of Credit Risk

Financial instruments that potentially subject the Center to significant concentrations of credit risk consist of cash and cash equivalents. The Center maintains cash and certificate of deposit balances in financial institutions which may, at time, exceed Federal Deposit Insurance Corporation (FDIC) limits. The Center has not experienced any losses in these accounts and does not believe it is exposed to any significant custodial credit risk related to these accounts. The Center implemented a policy to allocate deposits to minimize the likelihood of deposits exceeding the FDIC limits.

9. Subsequent Events

Management has evaluated subsequent events through June 26, 2024, which is the date the financial statements were available to be issued.

Supplementary Information

Childrens Advocacy Center - Hope House
Schedule of Compensation, Benefits, and Other Payments to Executive Director
For the Year Ended December 31, 2023

Agency Head: Thomas Mitchell

Position: Executive Director

Purpose	Amount
Salary	\$ 112,100
Benefits - insurance	6,540
Benefits - retirement	3,363
Expense reimbursements	5,123
Conferences	1,130
Conference travel	2,850
	<u>\$ 131,106</u>

Louisiana Revised Statute (R.S.) 24:513 A. (3) requires virtually every local auditee report that is submitted to the Louisiana Legislative Auditor to include a schedule of compensation, benefits, and other payments to the agency head. The compensation, benefits, and other payments that are to be reported on this schedule include travel, unvouchered expenses, per diem, registration fees, reimbursements, etc. and is presented on an accrual basis.

Childrens Advocacy Center - Hope House
Schedule of Justice System Funding – Receiving Entity
For the Year Ended December 31, 2023

<u>Receipts From</u>	<u>First Six Month Period Ended 06/30/23</u>	<u>Second Six Month Period Ended 12/31/23</u>	<u>Total Receipts</u>
St. Tammany Parish Sheriff's Office Bail Bond Fees	<u>\$ 39,066</u>	<u>\$ 38,537</u>	<u>\$ 77,603</u>

Schedule is required by Act 87 of Louisiana’s 2020 Regular Legislative Session and is presented on a cash basis.

Statewide Agreed-Upon Procedures

Independent Accountant’s Report on Applying Agreed-Upon Procedures

To the Board of Directors
Childrens Advocacy Center - Hope House
Covington, Louisiana

We have performed the procedures enumerated below, solely to assist the users in assessing certain controls and in evaluating management's assertions about Childrens Advocacy Center - Hope House’s (the “Center”) compliance with certain laws and regulations during the period of January 1, 2023 through December 31, 2023. The Center’s management is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations.

The Center and the Legislative Auditor, State of Louisiana have agreed and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. 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 procedure performed are appropriate for the purposes.

The procedures and the associated findings are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - h) **Credit Cards**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions noted.

2) **Board or Finance Committee**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted.

3) *Bank Reconciliations*

- A. 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:
- 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);
 - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - 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.

Results: No exceptions noted.

4) *Collections (excluding electronic funds transfers)*

- A. 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).
- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
- a) Employees responsible for cash collections do not share cash drawers/registers;
 - b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - c) Each employee responsible for collecting cash is not also 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; and
 - 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

Results: No exceptions noted.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

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- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: No exceptions noted. The office at 223 W 28th Avenue, Covington, Louisiana is the only location that processed payments.

6) *Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)*

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

Results: No exceptions noted.

7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted.

9) *Payroll and Personnel*

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - d) Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted.

10) *Debt Service*

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: The Center had no outstanding debt during the fiscal year.

11) *Fraud Notice*

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted.

12) *Information Technology Disaster Recovery/Business Continuity*

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - i. Hired before June 9, 2020 - completed the training; and
 - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Results: No exceptions noted. We performed the procedure and discussed the results with management.

We were engaged by the Center 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. 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 the control and compliance areas identified in the Statewide Agreed-Upon Procedures. 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 the Center and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement. This report is intended solely for the information and use of management of the Center and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Covington, Louisiana
June 26, 2024