

RAYS OF SONSHINE

Audited Financial Statements  
For the Years Ended December 31, 2016 and 2015

RAYS OF SONSHINE

For the Years Ended December 31, 2016 and 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of  
Rays of Sonshine  
Monroe, LA 71201

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

We have audited the accompanying financial statements of Rays of Sonshine (a nonprofit Corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rays of Sonshine as of December 31, 2016 and 2015, 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.

**Other Matters**

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules, the Schedule of Expenditures of Federal Awards on page 27, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head or Chief Executive Officer on page 29, as required by the Louisiana Legislative Auditor, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 on our consideration of Rays of Sonshine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rays of Sonshine's internal control over financial reporting and compliance.

*Little & Associates, LLC*

Monroe, Louisiana

June 28, 2017

## FINANCIAL STATEMENTS

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 119,072	\$ 3,800	\$ 122,872
Accounts Receivable			
Federal	17,379	-	17,379
Services	49,624	-	49,624
United Way	-	12,500	12,500
Other	1,736	-	1,736
Land, Building and Equipment - Note 3	3,871,028	-	3,871,028
Accumulated Depreciation - Note 3	(900,695)	-	(900,695)
Prepaid Expenses	24,190	-	24,190
Deposits	8,371	-	8,371
Total Assets	<u>\$ 3,190,705</u>	<u>\$ 16,300</u>	<u>\$ 3,207,005</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 36,844	\$ -	\$ 36,844
Deferred Revenue	159	-	159
Accrued Payroll and Payroll Taxes	13,539	-	13,539
Rental Deposits	10,943	-	10,943
Received from Residents	6,441	-	6,441
Notes Payable - Note 4 and Note 5	1,691,910	-	1,691,910
Total Liabilities	<u>1,759,836</u>	<u>-</u>	<u>1,759,836</u>
<b>Net Assets - Note 2 (G)</b>			
Unrestricted	1,430,869	-	1,430,869
Temporarily Restricted	-	16,300	16,300
Total Net Assets	<u>1,430,869</u>	<u>16,300</u>	<u>1,447,169</u>
Total Liabilities and Net Assets	<u>\$ 3,190,705</u>	<u>\$ 16,300</u>	<u>\$ 3,207,005</u>

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

RAYS OF SONSHINE

Statements of Financial Position

	December 31, 2015		
	Unrestricted	Temporarily Restricted	Total
<b>Assets</b>			
Cash	\$ 172,671	\$ 3,924	\$ 176,595
Accounts Receivable			
Federal	14,463	-	14,463
Services	37,890	-	37,890
United Way	-	12,500	12,500
Other	4,105	-	4,105
Land, Building and Equipment - Note 3	3,854,843	-	3,854,843
Accumulated Depreciation - Note 3	(794,894)	-	(794,894)
Prepaid Expenses	24,260	-	24,260
Deposits	8,371	-	8,371
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 3,321,709</u>	<u>\$ 16,424</u>	<u>\$ 3,338,133</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 37,044	\$ -	\$ 37,044
Deferred Revenue	6	-	6
Accrued Payroll and Payroll Taxes	12,431	-	12,431
Rental Deposits	10,700	-	10,700
Received from Residents	6,864	-	6,864
Notes Payable - Note 4 and Note 5	1,789,616	-	1,789,616
Accrued Interest Payable	3,687	-	3,687
Total Liabilities	<u>1,860,348</u>	<u>-</u>	<u>1,860,348</u>
<b>Net Assets - Note 2 (G)</b>			
Unrestricted	1,461,361	-	1,461,361
Temporarily Restricted	-	16,424	16,424
Total Net Assets	<u>1,461,361</u>	<u>16,424</u>	<u>1,477,785</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Assets	<u>\$ 3,321,709</u>	<u>\$ 16,424</u>	<u>\$ 3,338,133</u>

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

RAYS OF SONSHINE

Statements of Activities  
For the Years Ended

	December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Federal			
Supportive Housing Program - Note 6	\$ 201,339	\$ -	\$ 201,339
Emergency Food Assistance Program - Noncash - Note 6	32,981	-	32,981
Federal - Payments for Services - Note 6			
Block Grant	381,847	-	381,847
Access to Recovery	32,830	-	32,830
Emergency Food Assistance - Nonfederal - Note 6	210,342	-	210,342
Contributions	90,272	1,200	91,472
United Way Allocation	15,374	12,500	27,874
Program Service Fees	44,127	-	44,127
Charitable Gaming	148,812	-	148,812
Rental Revenue	111,060	-	111,060
Forgiveness of Debt	74,230	-	74,230
Other Revenue	51,230	-	51,230
Total	<u>1,394,444</u>	<u>13,700</u>	<u>1,408,144</u>
Net Assets Released from Restriction	13,824	(13,824)	-
Total Support and Revenue	<u>1,408,268</u>	<u>(124)</u>	<u>1,408,144</u>
<b>Expenses</b>			
Program Services			
Manna Pantry	280,322	-	280,322
R.E.A.P.	69,360	-	69,360
Women's Residence	123,748	-	123,748
The Kitchen	33,519	-	33,519
Sonshine Community of Hope	134,721	-	134,721
Transitional Housing 1	2,787	-	2,787
Transitional Housing 2	80,215	-	80,215
Breard Apartments (HUD)	189,835	-	189,835
Mothers With Children	198,554	-	198,554
Atkins Quarters	1,662	-	1,662
Sonshine House II	57,371	-	57,371
Clinic Apartments	2,112	-	2,112
SRA - HUD 3 (2HS)	5,823	-	5,823
Total Program Services	<u>1,180,029</u>	<u>-</u>	<u>1,180,029</u>
Support Services			
Charitable Gaming	152,588	-	152,588
Management and General	106,143	-	106,143
Total Support Services	<u>258,731</u>	<u>-</u>	<u>258,731</u>
Total Expenses	<u>1,438,760</u>	<u>-</u>	<u>1,438,760</u>
Increase (Decrease) in Net Assets	(30,492)	(124)	(30,616)
Net Assets at Beginning of Year	<u>1,461,361</u>	<u>16,424</u>	<u>1,477,785</u>
Net Assets at End of Year	<u>\$ 1,430,869</u>	<u>\$ 16,300</u>	<u>\$ 1,447,169</u>

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



RAYS OF SONSHINE

Statements of Activities  
For the Years Ended

	December 31, 2015		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Federal			
Supportive Housing Program - Note 6	\$ 230,103	-	\$ 230,103
Emergency Food Assistance Program - Noncash - Note 6	43,772	-	43,772
EFS Grant Revenue	5,000	-	5,000
Federal - Payments for Services - Note 6			
Block Grant	395,245	-	395,245
Access to Recovery	38,455	-	38,455
Emergency Food Assistance - Nonfederal - Note 6	270,229	-	270,229
Contributions	133,485	1,200	134,685
United Way Allocation	14,243	12,500	26,743
Program Service Fees	52,986	-	52,986
Charitable Gaming	182,947	-	182,947
Rental Revenue	113,316	-	113,316
Forgiveness of Debt	371,202	-	371,202
Other Revenue	33,342	-	33,342
Total	<u>1,884,325</u>	<u>13,700</u>	<u>1,898,025</u>
Net Assets Released from Restriction	14,100	(14,100)	-
Total Support and Revenue	<u>1,898,425</u>	<u>(400)</u>	<u>1,898,025</u>
<b>Expenses</b>			
Program Services			
Manna Pantry	353,172	-	353,172
Sonshine Coffee	3,098	-	3,098
R.E.A.P.	71,084	-	71,084
Women's Residence	110,400	-	110,400
The Kitchen	41,176	-	41,176
Sonshine Community of Hope	135,317	-	135,317
Transitional Housing 1	5,875	-	5,875
Transitional Housing 2	70,081	-	70,081
Breard Apartments (HUD)	178,897	-	178,897
Mothers With Children	161,710	-	161,710
Atkins Quarters	2,370	-	2,370
Sonshine House II	44,927	-	44,927
Clinic Apartments	3,683	-	3,683
Total Program Services	<u>1,181,790</u>	<u>-</u>	<u>1,181,790</u>
Support Services			
Charitable Gaming	162,274	-	162,274
Management and General	182,921	-	182,921
Total Support Services	<u>345,195</u>	<u>-</u>	<u>345,195</u>
Total Expenses	<u>1,526,985</u>	<u>-</u>	<u>1,526,985</u>
Increase (Decrease) in Net Assets	371,440	(400)	371,040
Net Assets at Beginning of Year	<u>1,089,921</u>	<u>16,824</u>	<u>1,106,745</u>
Net Assets at End of Year	<u>\$ 1,461,361</u>	<u>\$ 16,424</u>	<u>\$ 1,477,785</u>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2016

	Program Services								
	Manna Pantry	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Beard Apartments (HUD)	Mothers With Children
Automobile	\$ 160	\$ 6,294	\$ 3,568	\$ -	\$ 911	\$ -	\$ 6,027	\$ 5,799	\$ 3,568
Bad Debts	-	-	-	-	424	-	-	317	-
Bank Service Charge	-	49	-	-	5	-	-	112	160
Contract Services	-	13,166	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	(337)	997	-
Depreciation and Amortization	13,543	1,741	1,244	-	57,337	28	113	6,680	7,572
Dues and Subscriptions	-	2,106	-	-	-	-	923	923	-
Equipment (<\$1,000)	110	2,121	563	-	354	-	546	2,583	871
Fundraising Fees	-	-	-	-	-	-	-	-	-
Insurance	2,222	(460)	7,712	-	21,630	2,068	2,077	3,500	4,658
Interest Expense	-	4,336	4,336	-	13,005	-	-	6,503	4,336
Licenses and Permits	-	970	473	-	-	-	-	75	473
Marketing and Publicity	-	-	-	-	15	-	-	-	-
Meals	-	299	-	-	-	-	-	-	-
Miscellaneous	-	2,241	-	-	-	-	-	-	-
Office Expenses	288	92	-	-	-	-	-	-	11
Printing	-	834	-	-	227	-	-	324	-
Postage	-	3	-	-	42	-	-	-	-
Professional Fees	-	2,000	-	-	135	-	3,030	9,982	-
Program Expense	-	2,596	1,916	-	-	-	1,765	4,198	1,785
Repairs and Maintenance	5,372	7,285	7,130	-	10,860	304	3,594	10,963	10,326
Rent	-	-	-	-	-	-	-	-	-
Rental Assistance	-	-	-	-	-	-	-	-	-
Salaries and Benefits	6,797	671	73,737	-	26,299	-	48,976	105,329	133,979
Security Deposit	-	-	-	-	-	-	-	-	-
Software Services	-	874	-	-	-	-	-	472	-
Supplies - Food	243,323	856	-	33,519	-	-	289	627	-
Supplies	598	14,440	418	-	4	-	55	1,326	643
Taxes	76	1,134	6,287	-	2,034	-	4,055	9,113	9,876
Telephone	-	2,731	4,102	-	-	-	705	705	2,531
Training	-	781	-	-	1,076	-	(35)	-	-
Travel and Entertainment	-	421	-	-	-	-	-	-	-
Utilities	7,833	1,779	12,262	-	363	387	8,432	19,307	17,765
Total Expenses	<u>\$ 280,322</u>	<u>\$ 69,360</u>	<u>\$ 123,748</u>	<u>\$ 33,519</u>	<u>\$ 134,721</u>	<u>\$ 2,787</u>	<u>\$ 80,215</u>	<u>\$ 189,835</u>	<u>\$ 198,554</u>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2016

	Program Services				Supporting Services			
	Atkins Quarters	Sonshine House II	Clinic Apartments	SRA HUD 3 (2HS)	Total Program Services	Charitable Gaming	Management and General	Total
Automobile	\$ -	\$ -	\$ -	\$ -	\$ 26,327	\$ -	\$ 356	\$ 26,683
Bad Debts	-	-	-	-	741	-	-	741
Bank Service Charge	-	195	-	-	521	160	1,566	2,247
Contract Services	-	-	-	-	13,166	-	-	13,166
Contributions	-	-	-	-	660	-	-	660
Depreciation and Amortization	-	17,216	-	-	105,474	-	21,160	126,634
Dues and Subscriptions	-	-	-	-	3,952	-	99	4,051
Equipment (<\$1,000)	-	483	-	665	8,296	-	81	8,377
Fundraising Fees	-	-	-	-	-	-	7,206	7,206
Insurance	-	1,589	-	-	44,996	930	3,463	49,389
Interest Expense	-	6,503	-	-	39,019	-	4,336	43,355
Licenses and Permits	-	-	-	105	2,096	-	2,199	4,295
Marketing and Publicity	-	-	-	-	15	-	-	15
Meals	-	-	-	-	299	-	725	1,024
Miscellaneous	-	-	-	-	2,241	5,459	88	7,788
Office Expenses	-	-	-	-	391	-	-	391
Printing	-	-	-	-	1,385	324	4,407	6,116
Postage	-	-	-	-	45	-	1,360	1,405
Professional Fees	-	-	-	-	15,147	4,339	8,418	27,904
Program Expense	-	-	-	-	12,260	275	277	12,812
Repairs and Maintenance	-	5,523	76	-	61,433	-	11,768	73,201
Rent	-	-	-	-	-	63,923	-	63,923
Rental Assistance	-	-	-	600	600	-	-	600
Salaries and Benefits	-	15,754	-	3,421	414,963	13,494	15,699	444,156
Security Deposit	-	-	-	300	300	-	-	300
Software Services	-	-	-	320	1,666	-	2,201	3,867
Supplies - Food	-	-	-	168	278,782	-	-	278,782
Supplies	1,662	10,108	-	-	29,254	62,136	7,325	98,715
Taxes	-	-	-	244	32,819	1,548	2,719	37,086
Telephone	-	-	-	-	10,774	-	8,140	18,914
Training	-	-	-	-	1,822	-	580	2,402
Travel and Entertainment	-	-	-	-	421	-	393	814
Utilities	-	-	2,036	-	70,164	-	1,577	71,741
Total Expenses	<u>\$ 1,662</u>	<u>\$ 57,371</u>	<u>\$ 2,112</u>	<u>\$ 5,823</u>	<u>\$ 1,180,029</u>	<u>\$ 152,588</u>	<u>\$ 106,143</u>	<u>\$ 1,438,760</u>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2015

	Program Services									
	Manna Pantry	Sonshine Coffee	R.E.A.P.	Women's Residence	The Kitchen	Sonshine Community of Hope	Transitional Housing 1	Transitional Housing 2	Breard Apartments (HUD)	Mothers With Children
Alarm System	\$ -	\$ -	\$ -	\$ 565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Automobile	242	90	6,849	4,476	-	393	-	6,325	6,207	4,605
Bank Service Charge	-	-	-	-	-	20	-	-	140	-
Contract Services	189	-	9,573	-	-	-	-	-	-	30
Depreciation and Amortization	14,345	-	2,164	1,339	-	57,520	35	141	6,291	7,753
Dues and Subscriptions	-	-	1,550	-	-	-	-	751	751	-
Equipment (<\$1,000)	-	-	-	66	-	-	-	460	655	-
Fundraising Fees	-	-	-	-	-	-	-	-	-	-
Insurance	1,241	914	3,292	4,076	-	4,612	3,021	2,706	3,773	3,954
Interest Expense	-	-	3,316	2,985	-	23,321	-	-	9,424	6,841
Licenses and Permits	-	56	875	1,029	-	-	-	-	40	945
Marketing and Publicity	-	-	-	-	-	-	-	-	-	-
Meals	-	-	200	-	-	-	-	-	-	-
Miscellaneous	-	-	295	-	-	-	-	-	-	-
Printing	-	-	498	-	-	-	-	-	-	-
Postage	-	-	137	-	-	-	-	-	-	-
Professional Fees	-	-	2,000	-	-	-	-	3,030	9,982	-
Program Expense	-	-	3,638	567	(325)	-	-	555	4,443	567
Repairs and Maintenance	6,428	1,104	5,684	8,351	-	20,325	352	3,656	12,502	6,165
Rent	-	-	-	-	-	-	-	-	-	-
Salaries and Benefits	7,103	435	7,974	63,770	-	26,782	-	37,504	91,776	99,975
Software Services	-	-	1,771	-	-	-	-	-	521	-
Supplies - Food	314,001	-	-	34	41,501	-	-	1,400	2,070	34
Supplies	953	-	13,120	1,060	-	84	66	875	2,389	2,013
Taxes	700	44	654	5,558	-	2,239	-	3,047	7,444	8,733
Telephone	-	-	2,852	3,239	-	-	-	587	587	2,490
Training	-	-	1,425	-	-	-	-	-	-	-
Travel and Entertainment	-	-	121	-	-	-	-	-	-	-
Utilities	7,970	455	1,472	13,285	-	21	2,401	9,044	19,902	17,605
Casualty Loss	-	-	1,624	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 353,172</b>	<b>\$ 3,098</b>	<b>\$ 71,084</b>	<b>\$ 110,400</b>	<b>\$ 41,176</b>	<b>\$ 135,317</b>	<b>\$ 5,875</b>	<b>\$ 70,081</b>	<b>\$ 178,897</b>	<b>\$ 161,710</b>

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

RAYS OF SONSHINE

Statements of Functional Expenses

For the Year Ended December 31, 2015

	Program Services			Supporting Services			Total
	Atkins Quarters	Sonshine House II	Clinic Apartments	Total Program Services	Charitable Gaming	Management and General	
Alarm System	\$ -	\$ -	\$ -	\$ 565	\$ -	\$ -	\$ 565
Automobile	-	-	-	29,187	-	(5)	29,182
Bank Service Charge	-	165	-	325	84	4,672	5,081
Contract Services	-	-	-	9,792	-	-	9,792
Depreciation and Amortization	-	17,270	-	106,858	-	21,745	128,603
Dues and Subscriptions	-	-	-	3,052	-	250	3,302
Equipment (<\$1,000)	-	253	-	1,434	-	2,674	4,108
Fundraising Fees	-	-	-	-	-	6,359	6,359
Insurance	-	3,419	-	31,008	588	3,014	34,610
Interest Expense	-	6,505	-	52,392	-	6,334	58,726
Licenses and Permits	-	-	-	2,945	-	275	3,220
Marketing and Publicity	-	-	-	-	-	800	800
Meals	-	-	-	200	-	723	923
Miscellaneous	35	135	-	465	-	2,358	2,823
Printing	-	-	-	498	-	6,380	6,878
Postage	-	-	-	137	-	909	1,046
Professional Fees	-	-	-	15,012	360	7,902	23,274
Program Expense	-	-	-	9,445	175	717	10,337
Repairs and Maintenance	-	3,670	759	68,996	-	11,583	80,579
Rent	-	-	-	-	78,696	-	78,696
Salaries and Benefits	-	4,047	-	339,366	14,450	79,720	433,536
Software Services	-	-	-	2,292	-	929	3,221
Supplies - Food	-	-	-	359,040	-	315	359,355
Supplies	2,335	276	637	23,808	66,540	8,716	99,064
Taxes	-	-	-	28,419	1,381	5,690	35,490
Telephone	-	-	-	9,755	-	8,053	17,808
Training	-	-	-	1,425	-	263	1,688
Travel and Entertainment	-	-	-	121	-	1,012	1,133
Utilities	-	9,187	2,287	83,629	-	1,533	85,162
Casualty Loss	-	-	-	1,624	-	-	1,624
<b>Total Expenses</b>	<b>\$ 2,370</b>	<b>\$ 44,927</b>	<b>\$ 3,683</b>	<b>\$ 1,181,790</b>	<b>\$ 162,274</b>	<b>\$ 182,921</b>	<b>\$ 1,526,985</b>

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

RAYS OF SONSHINE

Statements of Cash Flows  
For the Years Ended

	For the Years Ended December 31,	
	2016	2015
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ (30,616)	\$ 371,040
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	126,634	128,603
Forgiveness of Debt	(74,230)	(371,202)
Changes in Assets and Liabilities		
Accounts Receivable	(12,281)	11,700
Prepaid Expenses	70	(6,942)
Accounts Payable	(200)	(5,755)
Deferred Revenue	153	(49)
Deferred Casualty Gain	-	(10,641)
Deposits Received on Rentals	(180)	(5,383)
Accrued Liabilities	1,108	2,826
Accrued Interest Payable	(3,687)	34
Total Adjustments	37,387	(256,809)
Net Cash Provided (Used) by Operating Activities	6,771	114,231
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(37,018)	(21,409)
Net Cash Provided (Used) by Investing Activities	(37,018)	(21,409)
Cash Flows from Financing Activities		
Principal Payments on Notes Payable	(731,100)	(78,784)
Proceeds from New Debt and Line of Credit	707,624	-
Net Cash Provided (Used) by Financing Activities	(23,476)	(78,784)
Increase (Decrease) in Cash	(53,723)	14,038
Cash at beginning of Year	176,595	162,557
Cash at End of Year	\$ 122,872	\$ 176,595
Non-Cash Transactions are as follows		
Operating Activities		
Donations of Food from Food Bank	\$ 243,323	\$ 314,001
Disbursements of Food by the Zone	(243,323)	(314,001)
Total Operating Activities	-	-
Cash Paid for Interest	\$ 47,042	\$ 58,692

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

# RAYS OF SONSHINE

## Notes to Financial Statements For the Years Ended December 31, 2016 and 2015

### Note 1 – Description of Corporation

Rays of Sonshine (the Corporation) was established during the year ended December 31, 1998 as a non-for-profit volunteer health and welfare organization for the purpose of working to assist individuals in crisis situations through various charitable and educational programs. During the year ended December 31, 2007 a subsidiary of Rays of Sonshine, Sonshine Neighborhoods and Properties, Inc., was established to construct new homes for rental to low income individuals.

### Note 2 – Summary of Significant Accounting Policies

#### *(A) Basis of Accounting and Financial Statement Presentation*

The financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

In accordance with Financial Accounting Standard Board Accounting Standards Codification (FASB ASC) 958-205, the Corporation is required to report information regarding its financial activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

#### *(B) Contributions*

In accordance FASB ASC 958-205, “Not For Profit Entities-Revenue Recognition”, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence of donor-imposed restrictions. The Corporation has elected to recognize temporarily restricted contributions which are released from the restriction in the same year as unrestricted contributions.

#### *(C) Donated Services*

Members, agencies, businesses, volunteers, and others contribute substantial services toward fulfillment of the projects initiated by the Corporation. No amounts have been recognized in the Statement of Activities because the criteria for recognition of such volunteer efforts under FASB ASC 958-205 have not been satisfied.

#### *(D) Cash and Cash Equivalents*

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. For financial statement purposes, the Corporation considers cash in its checking accounts to be the only cash items.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2016 and 2015

#### *(E) Fair Value Measurements*

Investments are reported at fair value in the Corporation's financial statements. Fair value represents the price that would be received upon sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into levels:

Level 1- quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2- observable prices that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3- unobservable inputs are used when little or no market is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

#### *(F) Property and Equipment*

Property and equipment are stated at cost. The capitalization policy is to expense all items with a cost of less than \$1,000. All donated capital assets are recorded at fair market value on the date of the donation. Depreciation is computed on a straight-line and double declining balance basis over the useful lives of the assets using the following estimated lives:

	<u>Years</u>
Buildings and Improvements	30
Furniture and Equipment	10-30
Vehicles	3

#### *(G) Debt Issuance Costs*

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the interest method. As of and for the years ended December 31, 2016 and 2015, there were no debt issuance costs related to the obligations entered into by the Corporation.

#### *(H) Net Assets*

Unrestricted net assets represent the surplus accumulated over the years through the normal operations of the Corporation. Income from restricted sources which is received during the year and for which the restrictions are satisfied within the same year, is represented in the changes in unrestricted net assets.



## RAY'S OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2016 and 2015

#### *(H) Net Assets (Continued)*

Temporarily restricted net assets at December 31, 2016 and 2015 were \$16,300 and \$16,424, respectively.

At December 31, 2016 and 2015, the amount due from the United Way of Northeast Louisiana, Inc. was \$12,500 and \$12,500, contributions restricted for neighborhood clean-up activities per the Atkins Quarters Grant/Donations were \$1,300 and \$1,824 and contributions restricted for the Affordable Housing Donation-Van Trow were \$2,500 and \$2,500, respectively.

There were no permanently restricted net assets at December 31, 2016 and 2015.

#### *(I) Grants*

The Corporation receives commodities and other donated food items from the Food Bank of Northeast Louisiana, Inc. (the Food Bank). The Food Bank receives these items as a pass-through grant from the United States Department of Agriculture (USDA) or from other sources. The value of commodities is based on a price list from the USDA. The value for the other food items is based on an average cost per pound provided by America's Second Harvest.

All other grants are based on cost reimbursement.

#### *(J) Functional Expenses*

Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

#### *(K) Programs*

The Corporation's principal programs are as follows:

Manna Pantry – A food pantry which distributes food to those in need. The food is obtained from the Northeast Louisiana Food Bank which includes food from the USDA.

R.E.A.P. (Overcomers) – This program provides classes to anyone in the community attempting to rebuild life and/or overcome destructive personal habits. Beginning in 2009, this program also encompasses The Mission which provides ministry services for those in crisis situations.

Women's Residence – This program provides shelter to women in crisis situations.

## RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2016 and 2015

### *(K) Programs (Continued)*

The Kitchen – This program is a food preparation program to provide meals for those individuals living in the Corporation’s half-way houses. It includes the warehouse which houses the Manna Pantry, as well as some disaster assistance supplies for the United Way of Northeast Louisiana, Inc., Habitat for Humanity and Volunteers of America.

Breard Apartments and Transitional Housing 1 and 2 provide shelter to homeless women that are attending treatment at Rays of Sonshine. What in previous years had been referred to as Transitional Housing 3 is now denoted the Mother’s With Children program. This program provides shelter to homeless women that have children and are attending treatment at the Corporation.

Sonshine Coffee is a program designated to provide a training facility for women that are attending treatment at the Corporation. This program was eliminated on August 1, 2015.

Sonshine Community of Hope is a program that will assist with the construction of new homes on adjudicated lands to be rented to low income individuals and subsidized by the U.S. Department of Housing and Urban Development.

Mother’s With Children – This program provides shelter to homeless women that have children and are now attending treatment at Rays of Sonshine.

Atkins Quarters – This program provides funds for community development in one single neighborhood – Atkins Quarter.

Sonshine House II – This program provides 6 permanent apartment housing to low income individuals or families who qualify under HUD guidelines.

Sonshine Rental Assistance – This program provides housing assistance to homeless individuals.

### *(L) Income Taxes*

The Corporation is exempt from income tax under Internal Revenue Code Section 501(c)(3). This code section enables the Corporation to accept donations which qualify as charitable contributions to the donor. The only exception is the income tax paid on gambling proceeds. The Corporation has adopted certain provisions of FASB ASC 740, *Income Taxes*. The Corporation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Corporation’s Federal Return of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) for the years ended December 31, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after they are filed.

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2016 and 2015

(M) *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(N) *Change in Accounting Principle*

In the year ended December 31, 2016, the Corporation retroactively adopted new requirements to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense rather than as amortization expense.

Note 3 – Property and Equipment

Property and Equipment consisted of the following:

	December 31,	
	2016	2015
Land	\$ 117,000	\$ 117,000
Buildings	3,193,796	3,193,796
Building Improvements	346,980	346,980
Vehicle	37,018	22,833
Furniture, Fixtures and Equipment	176,234	174,234
Property and Equipment before Accumulated Depreciation	3,871,028	3,854,843
Less: Accumulated Depreciation	(900,695)	(794,894)
Net Property and Equipment	<u>\$ 2,970,333</u>	<u>\$ 3,059,949</u>

Certain land, building, and improvements are pledged as collateral on a mortgage in favor of JPMorgan Chase Bank at December 31, 2016 and 2015.

Depreciation charged to expense was \$126,634 and \$128,603 for the years ended December 31, 2016 and 2015, respectively.

Note 4 – Notes Payable

Notes Payable consisted of the following:

	December 31,	
	2016	2015
<b>Mortgages due to JPMorgan Chase Bank</b>		
4.99% interest rate, secured by real estate. Payments are \$1,846 monthly, due May 15, 2018 at which time a balloon payment of \$1,672 will be due.	\$ —	\$ 50,278

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2016 and 2015

Note 4 – Notes Payable (Continued)

8.50% interest rate, secured by real estate. Payments are \$3,886 monthly, due September 2, 2017 with balloon payment due at that time.	–	279,496
7.75% interest rate, secured by real estate. Payments are \$1,137 monthly, due June 7, 2017 at which time a balloon payment of \$55,677 will be due.	–	69,034
7.75% interest rate, secured by real estate. Payments are \$759 monthly, due May 15, 2017 at which that time the interest rate on the remaining \$37,323 will be adjusted to reflect market conditions.	–	45,748
Line of Credit, variable interest rate, secured by real estate. Monthly payment equal to the greater of \$100 or the aggregate sum of accrued interest plus 1/100 <sup>th</sup> of the unpaid principle balance, not to exceed the outstanding balance.	–	63,560
6.8% interest rate, secured by real estate. Payments are \$1,340 monthly, due April 18, 2018 with balloon payment due at that time.	–	90,373
Construction Line of Credit – See below for details.	–	–
4.75% interest rate, secured by real estate. Payments are \$1,539 monthly, due March 12, 2018 with a balloon payment due at that time.	–	112,798
7.00% interest rate, secured by real estate. Payments are \$6,232 monthly, due March 25, 2017 with a balloon payment due at that time.	671,486	–
<b>Mortgage due to Origin Bank</b>		
4.59% interest rate, secured by real estate. Payments are \$373 monthly, due March 14, 2017 with balloon payment due at that time.	35,895	38,517
<b>CDBG Loan</b>		
No-interest loan for the purposes of undertaking and satisfactorily completing NSP activities	965,582	1,039,812
<b>Ally Loan</b>		
3.44% interest rate, secured by vehicle. Payments are \$355 monthly, due October 12, 2021 with balloon payment due at that time.	18,947	–

RAYS OF SONSHINE

Notes to Financial Statements  
For the Years Ended December 31, 2016 and 2015

Note 4 – Notes Payable (Continued)

Total	1,691,910	1,789,616
Less Current Portion of Notes Payable	<u>(678,042)</u>	<u>(148,097)</u>
Total Long-Term Notes Payable	<u>\$ 1,013,868</u>	<u>\$ 1,641,519</u>

The aggregate principal payments of long-term indebtedness maturing during the next five years and thereafter are as follows:

Year	Bank Mortgages	CDBG Loan	Total
2017	\$ 678,042	\$ —	\$ 678,042
2018	6,820	—	6,820
2019	6,667	—	6,667
2020	6,720	—	6,720
2021	6,994	—	6,994
Thereafter	<u>21,085</u>	<u>965,582</u>	<u>986,667</u>
Total	\$ 726,328	\$ 965,582	\$ 1,691,910

The CDBG loan, in the original amount of \$1,530,000, is a forgivable loan that starts as each rental unit is completed and operates at a full operating year. The loan forgiveness is at the rate of one-twentieth of the initial principal loan amount in the case of re-developed (new construction) rental units with a maturity date of December 31, 2030. During the years ended December 31, 2016 and 2015, the CDBG loan was reduced by \$74,230 and \$371,202, respectively. As of December 31, 2016 and 2015, the balance on the loan was \$965,582 and \$1,039,812, respectively.

During the year ended December 31, 2013, the Corporation consolidated existing loans into a new loan with JP Morgan Chase Bank, N.A. in the amount of \$146,283. This loan was entered into on March 12, 2013. The unpaid principal balance of this loan shall accrue interest at a fixed rate equal to 4.750 percentage points. Fifty nine (59) payments of principal and interest, each in the amount of \$1,539, beginning on April 12, 2013, and continuing on the same calendar day monthly thereafter, and one final payment of all outstanding principal, together with all accrued unpaid interest and any other unpaid amounts due under this loan, shall be paid on March 12, 2018, the maturity date of this loan. Payments and any other credits shall be allocated among principal, interest, late charges, collection costs, fees and other charges at the discretion of JP Morgan Chase Bank, N.A., unless otherwise required by applicable law. Interest on this loan is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. The note is collateralized by a security interest in the property. During the year ended December 31, 2016, these notes were consolidated into one loan with JPMorgan Chase Bank. See note concerning JPMorgan Chase Bank Loan Consolidation at Note 4 – Note Payable.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2016 and 2015

#### Note 4 – Notes Payable (Continued)

During the year ended December 31, 2015, two JPMorgan Chase Bank notes payable with maturity dates of January 1, 2015 were consolidated into one note payable on March 2, 2015, in the amount of \$291,124. The terms of the new note are an interest rate of 8.50% per annum with 29 regular payments of \$3,886 and one irregular payment of \$235,332. The maturity date is September 2, 2017. During the year ended December 31, 2016, these notes were consolidated into one loan with JPMorgan Chase Bank. See note concerning JPMorgan Chase Bank Loan Consolidation at Note 4 – Note Payable.

#### JPMorgan Chase Bank Loan Consolidation

On March 23, 2016, the Corporation consolidated all existing JPMorgan Chase Bank, N.A. loans, including the line of credit, into a new loan with JPMorgan Chase Bank, N.A. in the amount of \$688,677. The terms of the new loan are with a simple interest at a rate of 7.00% per annum with 11 regular payments of \$6,232 and one irregular last payment estimated at \$688,437. The final payment is due on March 25, 2017, which may be greater if all payments are not made as scheduled. The line of credit with JPMorgan Chase Bank, N.A. in the amount of \$75,000 was not renewed. In March 2017, the loan was renewed with JPMorgan Chase Bank.

#### Ally Loan

During the year ended December 31, 2016, the Corporation entered into a loan with Ally Loan Company in order to purchase a van. The loan is secured by the van. The interest is a fixed rate of 3.44% per annum. Beginning on November 11, 2016, monthly payments of principal and interest in the amount of \$355 are due. The loan matures on October 12, 2021.

#### Note 5 – Line of Credit

On February 4, 2013, the Corporation entered into a line of credit with JP Morgan Chase Bank, N.A. The maximum amount of credit that can be drawn is \$75,000. The line of credit accrues at a variable rate of interest equal to the sum of the Prime Rate in effect from time to time plus 1.4 percentage points, except otherwise provided. The maturity date on the note is January 15, 2014. A payment equal to the greater of \$100 or the aggregate sum of accrued interest plus 1/100<sup>th</sup> of the unpaid principle balance, but not to exceed the outstanding balance shall be paid monthly beginning March 15, 2013. The note is collateralized by a security interest in the property. During the year ended December 31, 2013, the full \$75,000 was drawn on the line of credit. At December 31, 2015, the balance owed on the line of credit was \$63,560. During the year ended December 31, 2016, the Corporation consolidated the remaining balance in the amount of \$63,560. See note concerning loan consolidation at Note 4 – Notes Payable. Subsequent to year end, DHH mandated a \$50,000 line of credit for Rays of Sonshine. The Corporation has obtained a line of credit with Origin Bank. As of the report date, nothing has been drawn on the line of credit.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2016 and 2015

#### Note 6 – Federal Grants / Contracts

The Corporation has a contract to provide halfway house services as a pass-through from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources' Block Grant for Prevention and Treatment of Substance Abuse. For its services, the Corporation received \$381,847 and \$395,245 for the years ended December 31, 2016 and 2015, respectively.

During the year ended December 31, 2006, the Corporation was awarded a contract through the same pass-through agency from the same funding source to administer an Access to Recovery voucher program for substance abuse treatment. For its services, the Corporation received \$32,830 and \$38,455 of Federal funds, for the years ended December 31, 2016 and 2015, respectively and \$0 and \$0 of State funds for the years ended December 31, 2016 and 2015.

The Corporation was awarded grants by the U.S. Department of Housing and Urban Development (“HUD”) to promote the development of supportive housing and supportive services, including innovative approaches to assist homeless persons in the transition from homelessness, and to promote the provision of supportive housing to homeless persons so they can live as independently as possible. For the years ended December 31, 2016 and 2015, the Corporation received \$201,339 and \$230,103, respectively.

The Corporation distributes food each week to needy individuals that qualify under the Emergency Food Assistance Program of the United States Department of Agriculture. The food that is received from the Northeast Louisiana Food Bank, Inc. is comprised of commodities donated by the Louisiana Department of Agriculture and Forestry's Food Bank program and other local donors. The value of these commodities received was \$243,323 and \$314,001 for the years ended December 31, 2016 and 2015, respectively. For the years ended December 31, 2016 and 2015, the federal portion of commodities was valued at \$32,981 and \$43,772, respectively.

#### Note 7 – Disclosure and Concentrations

The Corporation receives a large portion of its revenue based on contracts with various Federal, State and Local agencies. Therefore, a majority of its revenue and accounts receivable are derived from these sources and are contingent upon continued funding of such programs.

#### Note 8 – Related Party Transactions

Certain members of the executive director's family earned a total of \$30,588 and \$29,594 during the years ended December 31, 2016 and 2015 of which \$0 and \$0 was paid by Federal grants, respectively. Services performed include lawn care, repairs and maintenance, physical education and charitable gaming.

## RAYS OF SONSHINE

### Notes to Financial Statements For the Years Ended December 31, 2016 and 2015

#### Note 8 – Related Party Transactions (Continued)

Additionally, Daniel Printing, an entity owned by the Executive Director's husband, was paid \$1,995 and \$1,276 during the years ended December 31, 2016 and 2015 and was due \$0 and \$0 at December 31, 2016 and 2015, respectively, for printing services provided to the Corporation.

During the year ended December 31, 2015, a non-voting executive board member received \$5,450 for accounting services performed for the Corporation. At January 1, 2016, the accountant performing these services for the Corporation was no longer a board member.

#### Note 9 – Deferred Casualty Gain

During the year ended December 31, 2014, the building at 614 North 3<sup>rd</sup> was damaged by a tornado. The insurance company paid claims in the amount of \$10,641. As of December 31, 2015, the repairs in the amount of \$12,265 to the building at 614 North 3<sup>rd</sup> have been completed, resulting in a casualty loss in the amount of \$1,624.

#### Note 10 – Subsequent Events

The Corporation has evaluated subsequent events through June 28, 2017, the date which the financial statements were available for issue.



SUPPLEMENTARY INFORMATION



**Little & Assoc.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors and Management of  
Rays of Sonshine  
Monroe, LA 71201

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 Rays of Sonshine (a nonprofit Corporation), which comprise the statement of financial position as of December 31, 2016, 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 28, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rays of Sonshine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rays of Sonshine's internal control. Accordingly, we do not express an opinion on the effectiveness of Rays of Sonshine'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 Corporation'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 the attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rays of Sonshine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Little & Associates, LLC*

Monroe, Louisiana

June 28, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors and Management of  
Rays of Sonshine  
Monroe, LA 71201

**Report on Compliance for Each Major Federal Program**

We have audited Rays of Sonshine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Rays of Sonshine's major federal program for the year ended December 31, 2016. Rays of Sonshine's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Rays of Sonshine's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rays of Sonshine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rays of Sonshine's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Rays of Sonshine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.



### Report on Internal Control Over Compliance

Management of Rays of Sonshine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rays of Sonshine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rays of Sonshine's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Little & Associates, LLC*

Monroe, Louisiana  
June 28, 2017

RAYS OF SONSHINE

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

Federal Grantor Pass-Through Grantor Program Title	C.F.D.A. Number	Grant Number	Current Year Expenditures
U.S. Department of Agriculture			
Passed through the Northeast Louisiana Food Bank			
Emergency Food Assistance Cluster			
Emergency Food Assistance Program (Food Commodities)	10.569	Not Available	\$ 32,981
Total Emergency Food Assistance Program (Food Commodities)			32,981
U.S. Department of Housing and Human Development			
Supportive Housing Program	14.235	LA0163L6H051403	698
Supportive Housing Program	14.235	LA0163L6H051504	49,503
Supportive Housing Program	14.235	LA0117L6H051508	13,119
Supportive Housing Program	14.235	LA0117L6H051407	133,320
Supportive Housing Program	14.235	LA0264L6H051500	4,699
Total Supportive Housing Program			201,339
Passed through the Louisiana Housing Corporation			
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Not Available	965,582
Total Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii			965,582
Total U.S. Department of Housing and Human Development			1,166,921
Total Expenditures of Federal Awards			\$ 1,199,902

The accompanying notes are an integral part of this schedule.

## RAYS OF SONSHINE

### Notes to Schedule of Expenditures of Federal Awards December 31, 2016

#### Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of Rays of Sonshine (the Organization) for the year ended December 31, 2016 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rays of Sonshine, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rays of Sonshine.

#### Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Rays of Sonshine has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

#### Note 3 – Non-Cash Federal Awards

Included in the accompanying Schedule of Expenditures of Federal Awards is a non-cash food contribution by the U.S. Department of Agriculture in the amount of \$32,981.

#### Note 4 – Reconciliation of Federal Revenues with Expenditures

The Community Development Block Grant is a no-interest loan for the purposes of undertaking and satisfactorily completing the Neighborhood Stabilization Program activities. As such the expenditures (\$965,582) are recognized in the current year on the Schedule of Expenditures of Federal Awards and are recorded as a note payable as the revenues will be recognized in future years as forgiveness of debt. Expenditures recognized in the previous year amounted to \$159,949 for 2010, \$1,064,260 for 2011 and \$186,805 for 2012. In 2016 and 2015, forgiveness of debt in the amount of \$74,230 and \$371,202 was recognized. Total amount recorded as a note payable as of December 31, 2016 was \$965,582.

RAYS OF SONSHINE

Schedule of Compensation, Benefits and Other Payments  
to the Agency Head or Chief Executive Officer

For the Year Ended December 31, 2016

Agency Head Name: Lynn Daniel

<u>Purpose</u>	<u>Amount</u>
Compensation, Benefits, and Other Payments	\$68,901



RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified?  Yes  No

Significant Deficiency(s) identified not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal Control Over Major Programs:

Material Weakness(es) identified?  Yes  No

Significant Deficiency(s) identified not considered to be material weaknesses?  Yes  No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?  Yes  No

Identification of Major Programs:

CFDA #	PROGRAM TITLE
14.228	Community Development Block Grant

RAYS OF SONSHINE

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2016

Section II – Financial Statement Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2016.

Section III – Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the year ended December 31, 2016.

RAYS OF SONSHINE

Summary Status of Prior Year Audit Findings  
For the Year Ended December 31, 2016

There were no findings for the year ended December 31, 2015.