

FAITH HOUSE, INC.

Financial Report

Years Ended June 30, 2022 and 2021

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KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRPCAS.COM

INDEPENDENT AUDITOR'S REPORT

To the Officers and Board of Directors
Faith House, Inc.
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Faith House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Faith House, Inc. as of June 30, 2022 and 2021, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Faith House, Inc. 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 Faith House, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgement 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 Faith House, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Faith House, Inc.'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 were identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 November 1, 2022, on our consideration of Faith House, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Faith House, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Faith House, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 1, 2022

FINANCIAL STATEMENTS

FAITH HOUSE, INC.
Lafayette, Louisiana

Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,188,144	\$ 188,373
Certificates of deposit	56,048	56,001
Investments	9,405	7,456
Endowment fund	13,104	14,367
Grants receivable	443,957	647,471
Accrued interest receivable	19	93
Prepaid expenses	15,325	7,759
Total current assets	1,726,002	921,520
Property and equipment, net	1,184,731	1,247,160
Total assets	\$ 2,910,733	\$ 2,168,680
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 13,561	\$ 5,794
Payroll tax liabilities	7,881	4,125
Other current liabilities	47,959	44,867
Unearned revenues	834,119	66,340
Current portion of long-term debt	15,579	9,417
Total current liabilities	919,099	130,543
Noncurrent liabilities:		
Long-term debt, less current portion	170,888	194,273
Total liabilities	1,089,987	324,816
Net assets:		
Without donor restrictions:		
Designated by the Board	13,104	14,367
Undesignated	1,793,881	1,794,675
Total without donor restrictions	1,806,985	1,809,042
With donor restrictions	13,761	34,822
Total net assets	1,820,746	1,843,864
Total liabilities and net assets	\$ 2,910,733	\$ 2,168,680

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.
Lafayette, Louisiana

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Grants	\$ 2,530,466	\$ 12,213	\$ 2,542,679
Public support donations	150,404	20,000	170,404
Fundraising	134,749	-	134,749
In-kind donations	248,568	-	248,568
Other income	10,572	-	10,572
Investment income	708	-	708
Unrealized gain on investments	366	-	366
Net assets released from restrictions	<u>53,274</u>	<u>(53,274)</u>	<u>-</u>
Total support and revenues	<u>3,129,107</u>	<u>(21,061)</u>	<u>3,108,046</u>
Expenses:			
Program services-			
Shelter and services	<u>2,818,545</u>	<u>-</u>	<u>2,818,545</u>
Supporting services -			
Management and general	274,737	-	274,737
Fundraising	<u>37,882</u>	<u>-</u>	<u>37,882</u>
Total supporting services	<u>312,619</u>	<u>-</u>	<u>312,619</u>
Total expenses	<u>3,131,164</u>	<u>-</u>	<u>3,131,164</u>
Change in net assets	(2,057)	(21,061)	(23,118)
Net assets, beginning of year	<u>1,809,042</u>	<u>34,822</u>	<u>1,843,864</u>
Net assets, end of year	<u>\$ 1,806,985</u>	<u>\$ 13,761</u>	<u>\$ 1,820,746</u>

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.
Lafayette, Louisiana

Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Grants	\$ 2,702,133	\$ 25,025	\$ 2,727,158
Public support donations	437,516	6,500	444,016
Fundraising	154,925	-	154,925
In-kind donations	364,194	-	364,194
Other income	15,427	-	15,427
Investment income	397	-	397
Unrealized loss on investments	5,793	-	5,793
Net assets released from restrictions	<u>33,997</u>	<u>(33,997)</u>	<u>-</u>
Total support and revenues	<u>3,714,382</u>	<u>(2,472)</u>	<u>3,711,910</u>
Expenses:			
Program services-			
Shelter and services	<u>3,142,850</u>	<u>-</u>	<u>3,142,850</u>
Supporting services -			
Management and general	225,110	-	225,110
Fundraising	<u>72,275</u>	<u>-</u>	<u>72,275</u>
Total supporting services	<u>297,385</u>	<u>-</u>	<u>297,385</u>
Total expenses	<u>3,440,235</u>	<u>-</u>	<u>3,440,235</u>
Change in net assets	274,147	(2,472)	271,675
Net assets, beginning of year	<u>1,534,895</u>	<u>37,294</u>	<u>1,572,189</u>
Net assets, end of year	<u>\$ 1,809,042</u>	<u>\$ 34,822</u>	<u>\$ 1,843,864</u>

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2022

	Program	Supporting Services			Total
	Services	Management	Fundraising	Total	
	Shelter and Services	and General		Supporting Services	Expenses
Advertising	\$ 1,030	\$ 569	\$ 51	\$ 620	\$ 1,650
Bank charges	2,758	1,683	-	1,683	4,441
Client expenses	369,712	3,654	-	3,654	373,366
Dues and subscriptions	3,299	10,304	190	10,494	13,793
Equipment	20,768	1,636	-	1,636	22,404
Food supplies	28,191	2,141	2,640	4,781	32,972
In-kind donations	241,030	-	-	-	241,030
Insurance - group health	228,369	26,808	2,595	29,403	257,772
Insurance - shelter	38,774	-	-	-	38,774
Insurance - workers' compensation	-	19,247	-	19,247	19,247
Interest expense	1,138	-	-	-	1,138
Library and videos	529	-	-	-	529
Miscellaneous	6,886	848	660	1,508	8,394
Office expense	19,484	560	152	712	20,196
Outside services	52,323	532	1,120	1,652	53,975
Payroll taxes	101,248	11,885	1,151	13,036	114,284
Postage	2,076	-	41	41	2,117
Printing	1,648	225	85	310	1,958
Professional development	1,735	617	-	617	2,352
Legal and accounting	14,339	12,440	-	12,440	26,779
Rent	69,639	4,975	-	4,975	74,614
Repairs and maintenance	39,596	1,181	-	1,181	40,777
Retirement	21,750	2,553	247	2,800	24,550
Salaries and wages	1,372,838	161,156	15,600	176,756	1,549,594
Special projects	126	409	13,350	13,759	13,885
Supplies - other	5,925	101	-	101	6,026
Telephone	21,821	-	-	-	21,821
Travel	16,726	2,074	-	2,074	18,800
Utilities	53,759	136	-	136	53,895
Total expenses before depreciation	<u>2,737,517</u>	<u>265,734</u>	<u>37,882</u>	<u>303,616</u>	<u>3,041,133</u>
Depreciation	<u>81,028</u>	<u>9,003</u>	<u>-</u>	<u>9,003</u>	<u>90,031</u>
Total	<u>\$ 2,818,545</u>	<u>\$ 274,737</u>	<u>\$ 37,882</u>	<u>\$ 312,619</u>	<u>\$ 3,131,164</u>

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.
Lafayette, Louisiana

Statement of Functional Expenses
For The Year Ended June 30, 2021

	Program	Supporting Services			Total Expenses
	Services	Management	Fundraising	Total Supporting Services	
	Shelter and Services	and General			
Advertising	\$ 37,068	\$ 617	\$ 70	\$ 687	\$ 37,755
Bank charges	1,149	1,868	66	1,934	3,083
Client expenses	495,624	-	-	-	495,624
Dues and subscriptions	1,199	12,499	50	12,549	13,748
Equipment	59,347	99	-	99	59,446
Food supplies	30,339	311	125	436	30,775
In-kind donations	327,126	-	-	-	327,126
Insurance - group health	223,910	32,928	6,586	39,514	263,424
Insurance - shelter	36,148	-	-	-	36,148
Insurance - workers' compensation	17,650	2,596	519	3,115	20,765
Interest Expense	1,778	-	-	-	1,778
Library and videos	1,068	-	-	-	1,068
Miscellaneous	131	446	4,750	5,196	5,327
Office expense	15,625	953	270	1,223	16,848
Outside services	46,959	1,016	2,416	3,432	50,391
Payroll taxes	102,443	10,189	3,585	13,774	116,217
Postage	1,927	8	4	12	1,939
Printing	4,443	-	-	-	4,443
Professional development	4,236	10	-	10	4,246
Legal and accounting	7,336	9,374	-	9,374	16,710
Rent	65,842	-	-	-	65,842
Repairs and maintenance	51,492	852	-	852	52,344
Retirement	24,887	2,475	871	3,346	28,233
Salaries and wages	1,388,754	138,127	48,597	186,724	1,575,478
Special projects	135	136	4,318	4,454	4,589
Supplies - other	17,948	-	48	48	17,996
Telephone	30,559	58	-	58	30,617
Travel	9,193	637	-	637	9,830
Utilities	54,692	595	-	595	55,287
Total expenses before depreciation	<u>3,059,008</u>	<u>215,794</u>	<u>72,275</u>	<u>288,069</u>	<u>3,347,077</u>
Depreciation	<u>83,842</u>	<u>9,316</u>	<u>-</u>	<u>9,316</u>	<u>93,158</u>
Total	<u>\$ 3,142,850</u>	<u>\$ 225,110</u>	<u>\$ 72,275</u>	<u>\$ 297,385</u>	<u>\$ 3,440,235</u>

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC.
Lafayette, Louisiana

Statements of Cash Flows
For The Year Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (23,118)	\$ 271,675
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	90,031	93,158
Unrealized gain on investments	(366)	(5,793)
Change in current assets and liabilities:		
Grants receivable	203,514	(288,179)
Accrued interest receivable	74	-
Other receivables	-	-
Prepaid expenses	(7,566)	6,521
Accounts and payroll withholdings payable	11,523	(638)
Other current liabilities	3,092	(133)
Unearned revenues	767,779	66,340
Refundable advance	-	(323,800)
Net cash provided (used) by investing activities	1,044,963	(180,849)
Cash flows from investing activities:		
Purchase of certificate of deposit	(47)	(167)
Purchase of investments	(320)	259
Purchase of property and equipment	(27,603)	(68,912)
Net cash used by investing activities	(27,970)	(68,820)
Cash flows from financing activities:		
Principal payments	(17,222)	-
Proceeds from the issuance of debt	-	53,690
Net cash used by financing activities	(17,222)	53,690
Net increase (decrease) in cash and cash equivalents	999,771	(195,979)
Cash and cash equivalents, beginning of year	188,373	384,352
Cash and cash equivalents, end of year	\$ 1,188,144	\$ 188,373

The accompanying notes are an integral part of this statement.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Faith House, Inc. (Organization) is a non-profit corporation organized under the laws of the State of Louisiana. The Organization provides a temporary shelter and services for battered women and their children in crisis situations. Other services provided by the Organization include crisis counseling, after care to victims of domestic violence, and community education about domestic violence. The Organization's services are available to residents of Lafayette, Vermilion, Acadia, Evangeline, Rapides, Avoyelles, and St. Landry parishes.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a 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.

C. Cash and Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

D. Certificates of Deposit

Certificates of deposit are presented in the financial statements at cost which approximates fair market value.

E. Investments and Related Income, Gains, and Losses

In accordance with FASB ASC subtopic 958-320, "*Not-for-Profit Entities-Investments-Debt and Equity Securities*", the Organization carries investments securities at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

F. Grants Receivable/Deferred Revenues

Grants receivable and deferred revenues from grants and other support are recognized only to the extent that related expenses have been incurred. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free discount rates applicable to the years in which the promises are to be received.

G. Property and Equipment

The Organization's capitalization policy is \$1,000 for property and equipment recorded at cost, if purchased, or at estimated fair market value if donated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	7 - 39 years
Furniture, fixtures, and equipment	5 - 15 years
Vehicles	5 years

H. Revenue and Expense Recognition

Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. Revenues from cost-reimbursable contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contract are satisfied. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

I. Functional Allocation of Expenses

Expenses are summarized and categorized based on their functional classification. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square-footage basis, as well as salaries and related benefits, which are allocated on the basis of time and effort.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

J. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. Accounting principles generally accepted in the United States of American require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclose in the financial statements. The Organization is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

K. Compensated Absences

Vacation and sick leave are recorded as expenses in the period earned. Sick leave is available for employees when needed; however, it does not vest and is not payable at termination of employment. Annual vacation is earned by employees based on the number of years of employment. Current unused vacation and up to 40 hours of prior year unused vacation is payable upon retirement. At June 30, 2022 and 2021, the accrued vacation leave amounted to \$27,031 and \$36,539, respectively.

L. Donated Facilities, Materials, and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied; however, these services are valuable to the Organization's programs. The fair value of donated services not reflected in the financial statements for the years ended June 30, 2022 and 2021 are estimated at \$8,266 and \$22,131, respectively.

The Organization utilized all contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions. The Organization does not have a policy whether to monetize or utilize contributed nonfinancial assets. Donations meeting the recognition criteria are recorded at estimated fair value as follows:

	<u>2022</u>	<u>2021</u>
Program services:		
Advertising	\$ -	\$ 37,068
Clothing and supplies	228,884	319,926
Facilities	12,146	7,200
Professional fees	7,538	-
Total	<u>\$ 248,568</u>	<u>\$ 364,194</u>

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

M. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$1,650 and \$37,755 for the years ended June 30, 2022 and 2021, respectively.

N. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of donor-imposed regulation and board designations.

	2022	2021
Financial assets, at year-end	\$1,710,677	\$ 913,761
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions-		
Restricted by donors with purpose restrictions	(13,761)	(34,822)
Board designations-		
Endowment fund	(13,104)	(14,367)
Financial assets available to meet cash needs for general expenditures within one year	\$1,683,812	\$ 864,572

At June 30, 2022, the Organization has \$1,683,812 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$1,174,383, certificates of deposit of \$56,048, investments of \$9,405, grants receivable of \$443,957, and interest receivable of \$19.

At June 30, 2021, the Organization has \$864,572 of financial assets available within 1 year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$153,551, certificates of deposit of \$56,001, investments of \$7,456, grants receivable of \$647,471, and interest receivable of \$93.

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligation become due.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(3) Investments

Investments are carried at fair value based on quoted market prices in active markets (all Level 1 Measurements) and consist of the following at June 30, 2022 and 2021:

<u>Investment Type</u>	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common stocks	\$ 1,168	\$ 9,405	\$ 1,168	\$ 7,456
Mutual funds	10,024	10,074	11,690	11,754
Money market	<u>3,080</u>	<u>3,080</u>	<u>2,613</u>	<u>2,613</u>
	<u>\$ 14,272</u>	<u>\$ 22,559</u>	<u>\$ 15,471</u>	<u>\$ 21,823</u>

(4) Endowment Fund

On October 7, 2009, Faith House, Inc. and the Community Foundation of Acadiana (Foundation) entered into an agreement to manage the investments for an endowment fund to support the mission of the Organization. The Board did not designate any amounts for endowment purposes for the years ended June 30, 2022 and 2021, respectively. The fund is invested in 50% equity funds, 45% in fixed income funds, and 5% in money market funds. The assets of the fund shall be held and invested by the Foundation. There were no distributions from the fund during the years ended June 30, 2022 and 2021. The changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Board-designated endowment net assets, beginning of year	\$ 14,367	\$ 12,390
Net unrealized/realized gain (loss)	(1,414)	1,823
Interest	222	221
Fees	<u>(71)</u>	<u>(67)</u>
Board-designated endowment net assets, end of year	<u>\$ 13,104</u>	<u>\$ 14,367</u>

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(5) Property and Equipment

Property and equipment consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 190,536	\$ 190,536
Buildings and improvements	2,203,287	2,177,795
Furniture and fixtures	47,375	47,375
Machinery and equipment	271,846	269,735
Vehicles	<u>52,550</u>	<u>52,550</u>
Total property and equipment	2,765,594	2,737,991
Less: Accumulated depreciation	<u>(1,580,863)</u>	<u>(1,490,831)</u>
Property and equipment, net	<u>\$1,184,731</u>	<u>\$1,247,160</u>

Total depreciation expense for the years ended June 30, 2022 and 2021 was \$90,031 and \$93,158, respectively.

(6) Long-Term Debt

On November 1, 2016, the Organization entered into a non-interest-bearing conditional note agreement in the amount of \$150,000 with Lafayette Public Trust Financing Authority. The note will require no payment until October 31, 2021 for property purchased to support Project Hope. On June 8, 2021, the Lafayette Public Trust Financing Authority's board of trustees extended the terms on this agreement for a period of two (2) years. The note will be forgiven after a period of 36 months if the Organization meets the fundraising benchmarks specified within the note agreement. At June 30, 2022 and 2021, the amount outstanding on the note payable was \$150,000.

On December 9, 2020, the Organization amended their original unsecured promissory note agreement with a financial institution in the amount of \$323,800 bearing interest at 1.0%. Under the terms of the Paycheck Protection Program, the principal and accrued interest of \$270,110 and \$1,778, respectively, were forgiven. The amended promissory note for the remaining amount of \$53,690, bearing interest at 1.0%, payable in monthly installments of \$1,322 for 42 months maturing on April 16, 2025.

The current portion of the note payable amounted to \$15,579 for the year ended June 30, 2022.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2022	2021
Unspent funds from the following:		
Camp Hope	\$ 9,510	\$ 17,142
Brown Foundation	-	2,660
Louisiana Bar Foundation - Jock Scott Community Partnership Panel Grant	-	5,020
Mary Kay Foundation	4,115	-
Woman's Foundation	136	-
Stuller Foundation	-	10,000
	\$ 13,761	\$ 34,822

(8) Net Assets Released from Restrictions

Detail of net assets released from restrictions for the years ended June 30, 2022 and 2021 follows:

	2022	2021
Purpose restrictions accomplished:		
Woman's Foundation Grant	\$ 3,364	\$ 6,525
Stuller Foundation	10,000	-
LCADV Financial Empowerment Program	-	6,500
Louisiana Bar Foundation - Jock Scott Community Partnership Panel Grant	5,020	4,180
Brown Foundation	7,660	6,519
Mary Kay Foundation	15,885	-
Our Lady of Lourdes	-	1,639
St. Romain	-	7,500
Camp Hope	11,345	706
Woman's Independence Scholarship Program	-	428
	\$ 53,274	\$ 33,997

(9) Retirement Plan

The Organization adopted a 403(b) Thrift Plan that is maintained for its qualifying employees. The plan covers all full-time employees. To be eligible for employer matching contributions, employees must be at least 21 years of age and have a minimum of one year of service. The plan allows elective employee contributions of up to 100% of the respective employee's compensation. The Organization is required to make contributions to the plan based on a fixed percentage. The Organization made contributions of \$24,550 and \$28,233 for the years ended June 30, 2022 and 2021, respectively.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(10) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- c. Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Organization in estimating fair values of financial instruments:

- a. The carrying amount reported in the statement of financial position for the following approximates fair value due to the short maturities of these instruments: cash, certificates of deposits, receivables, and payables.
- b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2022 and 2021:

Description	June 30, 2022			
	Total	(Level 1)	(Level 2)	(Level 3)
Common stocks	\$ 9,405	\$ 9,405	\$ -	\$ -
Mutual funds	10,074	10,074	-	-
Money market	3,080	3,080	-	-
	<u>\$ 22,559</u>	<u>\$ 22,559</u>	<u>\$ -</u>	<u>\$ -</u>

Description	June 30, 2021			
	Total	(Level 1)	(Level 2)	(Level 3)
Common stocks	\$ 7,456	\$ 7,456	\$ -	\$ -
Mutual funds	11,754	11,754	-	-
Money market	2,613	2,613	-	-
	<u>\$ 21,823</u>	<u>\$ 21,823</u>	<u>\$ -</u>	<u>\$ -</u>

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(11) Concentration of Credit Risk

The Organization maintains cash balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, the Organization's cash balances exceeded FDIC coverage by \$61,949. At June 30, 2021, the Organization's cash balances exceeded FDIC coverage by \$17,363.

(12) Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Faith House, Inc. expects such amounts, if any, to be immaterial. Also, a liability for findings and questioned costs is not established until final disposition of such matters by the funding agency.

(13) Risk Management

The Faith House, Inc. is exposed to risks of loss in the areas of health care, general liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

(14) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits and other payments to Billi Lacombe, Executive Director, for the year ended June 30, 2022 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 88,556
Benefits - insurance	10,544
Benefits - retirement	2,627
Travel	134

(15) New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) intended to improve financial reporting regarding leasing transactions. The new standard affects all companies and organizations that lease assets and liabilities for the rights and obligations created by those leases if the lease terms are more than 12 months. The guidance also will require qualitative quantitative disclosures providing additional information about the amounts recorded in the financial statements. The amendments in this update are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is evaluating the potential impact of the amendment on the Organization's financial statements. The effect of implementation of this new pronouncement on the Organization's financial statements has not yet been determined.

FAITH HOUSE, INC
Lafayette, Louisiana

Notes to Financial Statements (Continued)

(16) Subsequent Event Review

The Organization's management has evaluated subsequent events through November 1, 2022, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
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Casey L. Ardoin, CPA, CFE*
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Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA - retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

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

To the Board of Directors
Faith House, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Faith House, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 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 November 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Faith House, Inc.'s (Organization) internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Faith House, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 1, 2022

KOLDER, SLAVEN & COMPANY, LLC

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WWW.KCSRPCAS.COM

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

To the Board of Directors
Faith House, Inc.
Lafayette, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Faith House, Inc.'s (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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 Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Faith House, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Faith House, Inc's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Faith House, Inc's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances. Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. However, this report is a matter of public record and its distribution is not limited.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 1, 2022

FAITH HOUSE, INC.
Lafayette, Louisiana

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Federal Assistance I.D. Number	Pass-Through Grantor's Number	Federal Expenditures
Direct Programs:				
U. S. Department of Housing and Urban Development -				
Continuum of Care Program	14.267	LA0314L6H002002	N/A	\$ 202,699
Continuum of Care Program	14.267	LA0170L6H002009	N/A	115,697
Continuum of Care Program	14.267	LA0170L6H001908	N/A	22,171
Continuum of Care Program	14.267	LA0006L6H002013	N/A	<u>64,760</u>
Total direct programs				<u>405,327</u>
Pass-through Programs:				
U. S. Department of Health and Human Services -				
State of Louisiana Department of Children and Family Services:				
Family Violence Prevention and Services	93.671	N/A	2000597905	814,477
COVID-19 Family Violence Prevention and Services	93.671	N/A	N/A	<u>128,219</u>
				<u>942,696</u>
U. S. Department of Housing and Urban Development -				
Louisiana Housing Corporation:				
Acadiana Regional Coalition on Homelessness and Housing -				
Emergency Solutions Grant Program	14.231	N/A	ESG-FYE21	70,590
COVID-19 Emergency Solutions Grant Program	14.231	N/A	N/A	<u>29,935</u>
				<u>100,525</u>
U. S. Department of Justice -				
Louisiana Commission on Law Enforcement:				
Crime Victim Assistance -				
Domestic Violence Program 4	16.575	2019-V2-GX-0059	2019-VA-02-5778	516,219
Domestic Violence Program 3	16.575	2019-V2-GX-0059	2019-VA-02-5927	<u>202,370</u>
				<u>718,589</u>
Violence Against Women Formula Grants -				
STOP Violence Against Women	16.588	15JOVW-21-GG-00542-MUMU	2021-WF-03-6561	9,261
STOP Violence Against Women	16.588	2020-WF-AX-0057	2020-WF-03-5749	<u>9,326</u>
				<u>18,587</u>
U. S. Department of Homeland Security -				
United Way of Acadiana:				
Emergency Food and Shelter National Board Program	97.024	N/A	N/A	5,000
Emergency Food and Shelter National Board Program	97.024	N/A	N/A	<u>30,054</u>
				<u>35,054</u>
Total pass-through programs				<u>1,815,451</u>
TOTAL FEDERAL AWARDS				<u>\$ 2,220,778</u>

FAITH HOUSE, INC.
Lafayette, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of Faith House, Inc. (a nonprofit organization). Faith House, Inc.'s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2022. All federal financial assistance received directly from federal agencies is included in the schedule as well as federal financial assistance passed through other government agencies.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to Faith House, Inc.'s financial statements for the year ended June 30, 2022.

(3) Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate.

FAITH HOUSE, INC.
Lafayette, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Faith House, Inc. were prepared in accordance with GAAP.
2. There were no significant deficiencies in internal control over financial reporting that were disclosed during the audit of the financial statements. There were no material weaknesses reported.
3. No instances of noncompliance material to the financial statements of Faith House, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There were no significant deficiencies in internal control over the major federal award program disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for Faith House, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this schedule.
7. The program tested as a major program was: Family Violence Prevention and Services (93.671).
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Faith House, Inc. was determined to be a low-risk auditee.

Part II. Findings – Financial Statements Audit:

Internal Control Findings –

There were no findings reported under this section.

Compliance Findings –

There were no findings reported under this section.

FAITH HOUSE, INC.
Lafayette, Louisiana

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

Part III. Findings and questioned costs – Major Federal Award Programs Audit:

Internal Control Findings -

There were no findings reported under this section.

Compliance Findings -

There were no findings reported under this section.

FAITH HOUSE, INC.
Lafayette, Louisiana

Schedule of Prior Year Audit Findings
Year Ended June 30, 2022

A. Internal Control Findings -

There were no findings reported under this section.

B. Compliance Findings -

There were no findings reported under this section.

Faith House, Inc.
Lafayette, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2022

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
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183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Officers and Board of Directors
of Faith House, Inc. and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Faith House's management is responsible for those C/C areas identified in the SAUPs.

Faith House, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate 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) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) 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) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Board or Finance Committee

- 2. 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) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c) 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 unrestricted fund balance in the General Fund.

Bank Reconciliations

- 3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected accounts, and observe that:

- a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding electronic fund transfers)

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

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing was complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 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, 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/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.
10. For each location selected under #8 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 matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation includes evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. 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, we randomly selected one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, describe the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

14. 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, 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 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 policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. 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. *Alternately, 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 that 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 that 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, was approval documented).
 - 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 agree to the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee/officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. 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.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.

22. 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).

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing was 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.
24. 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.

Information Technology Disaster Recovery/Business Continuity

25. Performed the following procedures, **verbally discussed the results with management, and reported "We performed the procedure and discussed the results with management."**
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) 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.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

- 1. Faith House does not have written policies and procedures addressing documentation required to be maintained for all bids and price quotes.
- 2. Faith House does not have written policies and procedures addressing the approval process for employees' rate of pay or approval and maintenance of pay rate schedules.
- 3. Entity does not have written policies for contracting addressing types of services requiring written contracts, standard terms and conditions, legal review, and monitoring process.

Management's Response: Faith House will introduce recommended policies at the monthly board meeting to be held on January 26, 2023.

Collections

- 4. Faith House does not issue sequentially prenumbered receipts for collections.

Management's Response: Faith House provides a receipt on letterhead to each cash donor detailing the date received, amount of donation, and the designation of the funds if required. The letter provides the donor with our tax ID number and address for IRS purposes.

- 5. Of the two deposits tested, one did not have supporting documentation that indicated when the money was received; therefore, we were unable to determine if the deposit was made timely.

Management's Response: Faith House is a non-profit organization that receives donations from the community. Occasionally a donor will hand deliver a check to our organization without any supporting documents, envelopes, etc.

Disbursements

6. Of the five disbursements tested, four did not have supporting documentation indicating the deliverables included on the invoice were received by the entity.

Management's Response: Faith House staff carefully monitor to ensure contracted services are delivered. While we do not document each time the cleaning service provides their weekly cleaning on the original invoice, we do document their arrival and departure in our shelter log. The same goes for the lawn service etc. When a provider performs a service, we do not hand them their check until the service is completed.

Payroll and Personnel

7. One employee did not have a pay rate that agreed to the authorized salary/ pay rate found within the personnel file.

Management's Response: Protocols are in place to double check the recording of pay rates.

We were engaged by Faith House, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 1, 2022