

**CAFE HOPE, INC.**

FINANCIAL STATEMENTS

December 31, 2021 and 2020



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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of  
Cafe Hope, Inc.  
Gretna, Louisiana

Management is responsible for the accompanying financial statements of Cafe Hope, Inc., which comprise the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a Review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our Review engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Metairie, Louisiana  
June 15, 2022

*Wegmann Dazet, APC*

CAFE HOPE, INC.  
STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 548,189	\$ 156,000
Accounts, grants and other receivables	216,117	73,111
Inventory	700	-
Total current assets	<u>765,006</u>	<u>229,111</u>
 Property and equipment, net	 <u>25,479</u>	 <u>28,364</u>
Total assets	<u><u>\$ 790,485</u></u>	<u><u>\$ 257,475</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 164,499	\$ 38,730
Accrued expenses	19,233	6,363
Accrued payroll liabilities	14,893	14,897
Current portion of long-term debt	6,973	34,681
Total current liabilities	<u>205,598</u>	<u>94,671</u>
 Long-term debt, less current portion	 <u>-</u>	 <u>13,057</u>
Total liabilities	<u><u>205,598</u></u>	<u><u>107,728</u></u>
<b>NET ASSETS</b>		
Net assets		
Without donor restrictions	584,887	139,747
With donor restrictions	-	10,000
Total net assets	<u>584,887</u>	<u>149,747</u>
Total liabilities and net assets	<u><u>\$ 790,485</u></u>	<u><u>\$ 257,475</u></u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

CAFE HOPE, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Programs	\$ 378,695	\$ -	\$ 378,695
Contributions	112,329	-	112,329
Federal grants	170,305	-	170,305
Paycheck Protection Program	102,075	-	102,075
In-kind donations	37,870	-	37,870
Fundraising	33,205	-	33,205
Foundation grants	292,500	-	292,500
Interest income	953	-	953
Insurance proceeds	122,267	-	122,267
Other income	40,218	-	40,218
Net assets released from restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenue	<u>1,300,417</u>	<u>(10,000)</u>	<u>1,290,417</u>
Expenses			
Program services	586,440	-	586,440
Supporting services			
General and administrative	245,410	-	245,410
Fundraising	<u>23,427</u>	<u>-</u>	<u>23,427</u>
Total expenses	<u>855,277</u>	<u>-</u>	<u>855,277</u>
Change in net assets	445,140	(10,000)	435,140
Net assets			
Beginning of year	<u>139,747</u>	<u>10,000</u>	<u>149,747</u>
End of year	<u>\$ 584,887</u>	<u>\$ -</u>	<u>\$ 584,887</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

CAFE HOPE, INC.  
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Programs	\$ 314,529	\$ -	\$ 314,529
Contributions	146,769	10,000	156,769
Federal grants	147,252	-	147,252
Paycheck Protection Program	93,500	-	93,500
In-kind donations	31,453	-	31,453
Fundraising	29,854	-	29,854
Foundation grants	65,000	-	65,000
Interest income	610	-	610
Other income	43,124	-	43,124
	872,091	10,000	882,091
Expenses			
Program services	529,690	-	529,690
Supporting services			
General and administrative	308,934	-	308,934
Fundraising	11,867	-	11,867
	850,491	-	850,491
Total expenses	850,491	-	850,491
Change in net assets	21,600	10,000	31,600
Net assets			
Beginning of year	118,147	-	118,147
End of year	\$ 139,747	\$ 10,000	\$ 149,747

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

CAFE HOPE  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2021

	Program Services			Supporting Services		Total	
	Life Skills Development program	Restaurant & Bar	Catering	Total Program Services	General & Administrative	Fundraising	Total
Accounting fees	\$ -	\$ -	\$ -	\$ -	\$ 1,454	\$ -	\$ 1,454
Advertising	-	-	68	68	2,734	82	2,884
Bad debt	-	-	-	-	2,017	-	2,017
Bank fees	-	-	-	-	12,567	-	12,567
Beverage purchases	-	30,967	5,444	36,411	-	-	36,411
Conferences	-	-	-	-	946	-	946
Contract services	-	250	-	250	-	10,000	10,250
Depreciation	-	-	-	-	2,885	-	2,885
Dues and memberships	220	-	-	220	264	-	484
Equipment rental	-	3,399	988	4,387	-	-	4,387
Food purchases	-	51,189	30,265	81,454	-	7,064	88,518
Insurance	10,022	8,128	5,570	23,720	36,441	-	60,161
Interest	-	-	-	-	1,528	-	1,528
Licenses and permits	-	1,134	-	1,134	-	-	1,134
Meals	3,195	3,818	-	7,013	241	-	7,254
Miscellaneous	-	-	-	-	6,257	-	6,257
Other expense	7,366	507	863	8,736	1,001	6,281	16,018
Paychex fees	-	-	-	-	2,509	-	2,509
Payroll taxes and benefits	-	-	-	-	37,446	-	37,446
Penalties	-	-	-	-	87	-	87
Postage and print supplies	-	-	-	-	215	-	215
Recruiting	-	-	-	-	549	-	549
Rent expense	-	-	-	-	37,870	-	37,870
Remodel expenses	-	856	-	856	-	-	856
Repairs and maintenance	2,344	1,442	-	3,786	175	-	3,961
Salaries and wages	169,074	102,779	95,807	367,660	96,435	-	464,095
Small equipment purchases	1,037	25,310	3,763	30,110	-	-	30,110
Supplies	1,229	4,129	-	5,358	1,789	-	7,147
Uniforms	2,730	6,778	3,325	12,833	-	-	12,833
Utilities	-	577	-	577	-	-	577
Waste control	-	1,867	-	1,867	-	-	1,867
<b>Total expenses</b>	<b>\$ 197,217</b>	<b>\$ 243,130</b>	<b>\$ 146,093</b>	<b>\$ 586,440</b>	<b>\$ 245,410</b>	<b>\$ 23,427</b>	<b>\$ 855,277</b>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

CAFE HOPE  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

	Program Services			Total Program Services	Supporting Services		Total
	Life Skills Development program	Restaurant & Bar	Catering		General & Administrative	Fundraising	Total
Advertising	\$ -	\$ 4,629	\$ -	\$ 4,629	\$ -	\$ -	\$ 4,629
Bad debt	-	242	-	242	-	-	242
Bank fees	-	-	-	-	7,942	-	7,942
Beverage purchases	-	36,914	206	37,120	-	-	37,120
Depreciation	-	-	-	-	841	-	841
Dues and memberships	-	-	-	-	530	-	530
Equipment rental	-	1,911	3,034	4,946	-	-	4,945
Food purchases	-	42,767	34,819	77,586	-	11,614	89,200
Insurance	1,837	1,102	1,224	4,163	40,769	-	44,932
Interest	-	-	-	-	4,305	-	4,305
Licenses and permits	-	690	-	690	-	-	690
Meals	3,192	-	-	3,192	-	-	3,192
Miscellaneous	-	-	-	-	6,319	-	6,319
Other expense	1,574	983	902	3,459	3,187	253	6,899
Payroll taxes and benefits	4,465	8,622	7,493	20,580	35,119	-	55,699
Penalties	-	-	-	-	73,587	-	73,587
Postage and print supplies	584	-	-	584	-	-	584
Rent expense	-	-	-	-	31,453	-	31,453
Remodel expenses	-	1,172	-	1,172	-	-	1,172
Repairs and maintenance	-	3,168	-	3,168	-	-	3,168
Salaries and wages	159,656	81,295	88,350	329,301	103,230	-	432,531
Small equipment purchases	6,154	5,914	919	12,988	-	-	12,987
Supplies	2,832	9,630	1,320	13,782	-	-	13,782
Uniforms	693	8,941	-	9,634	-	-	9,634
Utilities	-	674	-	674	1,652	-	2,326
Waste control	-	1,782	-	1,782	-	-	1,782
<b>Total expenses</b>	<b>\$ 180,987</b>	<b>\$ 210,436</b>	<b>\$ 138,267</b>	<b>\$ 529,690</b>	<b>\$ 308,934</b>	<b>\$ 11,867</b>	<b>\$ 850,491</b>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.



CAFE HOPE, INC.  
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows provided by operating activities:		
Change in net assets	\$ 435,140	\$ 31,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,885	841
(Increase) decrease in operating assets:		
Accounts, grants and other receivables	(143,006)	16,207
Inventory	(700)	-
Other current assets	-	245
Increase (decrease) in operating liabilities:		
Accrued expenses	12,870	3,439
Accounts payable	125,769	1,906
Accrued payroll liabilities	(4)	(78,082)
Net cash provided (used) by operating activities	<u>432,954</u>	<u>(23,844)</u>
Cash flows used by investing activities:		
Purchase of property and equipment	-	(29,192)
Net cash used by investing activities	<u>-</u>	<u>(29,192)</u>
Cash flows from financing activities:		
Repayments of long-term debt	<u>(40,765)</u>	<u>(29,163)</u>
Net cash used by financing activities	<u>(40,765)</u>	<u>(29,163)</u>
Net increase (decrease) in cash	392,189	(82,199)
Cash and cash equivalents at beginning of year	<u>156,000</u>	<u>238,199</u>
Cash and cash equivalents at end of year	<u>\$ 548,189</u>	<u>\$ 156,000</u>

See Independent Accountants' Review Report and accompanying Notes to Financial Statements.

CAFE HOPE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

1) Organization

Cafe Hope, Inc. is a nonprofit culinary arts and life skills program for opportunity youth ages 17-24 throughout the Greater New Orleans area. Cafe Hope, Inc. was established in 2010 with a goal to meet the needs of the opportunity youth population so they can further themselves along the path to self-sufficiency and have fulfilling futures as valuable and contributing members of their community

2) Summary of significant accounting policies

(a) Basis of presentation

The financial statements of Cafe Hope, Inc. (Cafe Hope) have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserves or board-designated endowments.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(b) Cash and cash equivalents

Cafe Hope considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

(c) Promises to give

Cafe Hope records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Cafe Hope determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

See Independent Accountants’ Review Report.

CAFE HOPE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

2) Summary of significant accounting policies (continued)

(d) Property and equipment

Cafe Hope records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 15 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

(e) Revenue and revenue recognition

Cafe Hope recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Cafe Hope recognizes the revenue from restaurant or catering sales at point of sale and are presented net of sales tax. Unearned revenue represents Cafe Hope's liability for gift cards that have been sold but not yet redeemed and catering deposits. When gift cards are redeemed, Cafe Hope recognizes restaurant revenue sales and reduces the gift card liability. Catering deposits are recognized as restaurant revenue in the year the catering event takes place.

A portion of Cafe Hope's revenue is derived from cost-reimbursable state contracts, which are conditioned upon certain performance requirements and incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Cafe Hope has incurred expenses in compliance with specific contract provisions.

(f) Donated services and in-kind contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020.

CAFE HOPE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

2) Summary of significant accounting policies (continued)

(g) Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Insurance	Time and effort
Supplies	Time and effort
Payroll taxes and benefits	Time and effort
Salaries	Time and effort

(h) Income taxes

Cafe Hope is exempt from income tax under Internal Revenue Code section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Cafe Hope has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluation other matters that may be considered tax positions. Cafe Hope has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, Cafe Hope is not subject to U. S. federal and state examinations by tax authorities beyond three years from the filing of those returns.

(i) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

(j) Concentrations of credit risk

Financial instruments that potentially subject Cafe Hope to concentrations of credit risk consist principally of cash and cash equivalents. Cafe Hope maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Cafe Hope's cash and cash equivalent accounts have been placed with high credit quality financial institutions. Cafe Hope has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies.

(k) New accounting pronouncements

Cafe Hope adopted ASU No. 2014-09 *Revenue from Contracts with Customers* (Topic 606). This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The Organization adopted this update in

CAFE HOPE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

2) Summary of significant accounting policies (continued)

(k) New accounting pronouncements (continued)

2020 under the modified retrospective method. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore did not result in a prior period adjustment.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statements of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

3) Liquidity and availability

The following represents Cafe Hope's financial assets at December 31, 2021:

Cash and cash equivalents	\$ 548,189
Accounts, grants and other receivables	216,117
Less: net assets with donor restrictions	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 764,306</u>

4) Economic dependence

In 2021, Cafe Hope received 29% of its revenue from program activities, 23% from foundation grants and 13% from federal grants. In 2020, Cafe Hope received 36% of its revenue from program activities, 18% from contributions and 17% from federal grants.

5) Property and equipment

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 7,042	\$ 7,042
Leasehold improvements	22,150	22,150
Construction in progress	-	-
Total cost	<u>29,192</u>	<u>29,192</u>
Less: accumulated depreciation	<u>(3,713)</u>	<u>(828)</u>
Property and equipment, net	<u>\$ 25,479</u>	<u>\$ 28,364</u>

See Independent Accountants' Review Report.

CAFE HOPE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

6) Operating lease

Cafe Hope entered into a triple-net building lease agreement with Timberlane Neighborhood Improvement & Beautification District (the District). The lease has a term of ninety-nine years commencing January 1, 2020 and ending December 31, 2118, unless terminated sooner. As part of the lease agreement, Cafe Hope is committed to capital expenditures of not less than \$1,000,000 in the first three years of the lease and in the total sum of not less than \$2,000,000 within the first seven years of the lease. The total capital expenditures paid by Cafe Hope under the lease agreement totaled approximately \$593,300 and \$26,300 for the years ended December 31, 2021, and 2020, respectively.

For the first ten years of this lease, beginning January 1, 2020, the lessor shall pay the lessee a portion of the building maintenance and operation expense in the amount of \$28 per month per taxable parcel within the District. There were 503 taxable parcels within the District during the year ended 2021. The lessor will receive an annual credit of 10% for all gross sales receipts, as defined in the lease agreement, of Cafe Hope exceeding \$340,000 per lease year up to \$60,000.

7) Long-term debt

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
An unsecured note payable to a bank due in monthly installments of \$3,069, include interest at the Wall Street Journal prime plus 2%. The note matures February 2022.	\$ 6,973	\$ 47,738
Total long-term debt	6,973	47,738
Less: current portion	6,973	34,681
Long- term debt, less current portion	\$ -	\$ 13,057

The maturities of long-term debt are as follows:

2022	6,973
Thereafter	-

8) Coronavirus (COVID-19)

The COVID-19 pandemic has impacted and could further impact Cafe Hope's operations and the operations of Cafe Hope's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts Cafe Hope's business, results of operations and financial condition will depend on the future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on Cafe Hope's customers, suppliers, and vendors and the remedial actions and stimulus measures adopted by the local and federal governments, and to what extent normal economic and operating conditions can resume.

CAFE HOPE, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Years Ended December 31, 2021 and 2020

9) Net assets

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose		
Patio improvements	\$ -	\$ 10,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restriction		
Patio improvements	\$ 10,000	\$ -

10) Subsequent events

Cafe Hope has evaluated subsequent events through the date of the accountants' review report, the date which the financial statements were available to be issued. Management feels that there are no material subsequent events that require recognition or additional disclose in the financial statements.

CAFE HOPE, INC.  
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended December 31, 2021

Luis Arocha, Jr.  
Executive Director

	<u>2021</u>
Salary	\$ 13,410
Phone allowance	<u>228</u>
	<u>\$ 13,638</u>

See Independent Accountants' Review Report.



CAFE HOPE, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Years Ended December 31, 2021

**2021 Findings Related to the Financial Statements**

No findings noted in the current year.

See Independent Accountants' Review Report.

CAFE HOPE, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended December 31, 2021

**2020 Findings Related to the Financial Statements**

**2020-001            Late Submission of Compiled Financial Statements**

Condition:            Financial statements were not submitted to the Legislative Auditor's by June 30, 2021.

Recommendations: We recommend Cafe Hope submit financial statements on a timely basis.

Current Status:      Corrected.

**Cafe Hope, Inc.**

AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2021

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED UPON PROCEDURES

To the Board of Directors of Cafe Hope  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Cafe Hope, Inc. (the "Organization") and the Louisiana Legislative Auditor (the specified parties), on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Corporation's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

**Federal, State, and Local Awards**

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Organization's management.

*Results: The Organization provided us with the following list of expenditures made for local grant awards received during the fiscal year ended December 31, 2020:*

Federal, State, or Local Grant Name	Grant Year	CFDA No. (if applicable)	Amount
United States Department of Agriculture, Food and Nutrition - Supplemental Nutrition Assistance Program (SNAP)	10/1/2021 – 9/30/2022	10.561	\$170,305
Total Expenditures			\$170,305

2. For each local grant award, randomly select six disbursements during the fiscal year, provided that no more than 6 disbursements are selected.

*Results: Six disbursement were selected from the SNAP program.*

3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

*Results: Three of the six reimbursements had small discrepancies due to the Grantor reducing expenses that were determined to be disallowed.*

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

*Results: All of the disbursements were coded to the correct fund and general ledger account.*

5. Report whether the selected disbursements were approved in accordance with the Cafe's policies and procedures.

*Results: The selected disbursements were approved in accordance with the Cafe's policies and procedures.*

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

*Results: Three of the six disbursement selected for testing had unallowed costs.*

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Corporation's financial records; and report whether the amounts in the close-out reports agree with the Corporation's financial records.

*Results: The grant does not require a close-out report.*

### **Open Meetings**

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions. Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website at <http://appl.la.state.la.us/lala.nsf>, to determine whether a non-profit agency is subject to the open meetings law.

*Results: Management represented that the Cafe is not subject to the open meeting law.*

### **Budget**

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

*Results: Obtained SNAP Agreement between U.S. Department of Agriculture and the Cafe which included the budget, goals, objectives, measures of performance, purpose and duration of the grant.*

### **State Audit Law**

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

*Results: The Cafe's report was submitted to the Legislative Auditor before the statutory due date of June 30, 2022.*

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

*Results: The Organization's management represented that the Organization did not entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).*

### **Prior-Year Comments**

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

*Results: The Cafe has resolved prior year recommendation to timely submit its reviewed financial statements to the LLA.*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Agency's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the Agency's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.

Metairie, Louisiana  
June 15, 2022

*Wegmann Bazet, APC*

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-Public Agencies)**

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana quasi-public agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA  
Louisiana Legislative Auditor

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Agencies)**

\_\_\_\_\_ (Date Transmitted)  
Wegmann Dazet, APC (CPA Firm Name)  
111 VETERANS Blvd. Suite 800 (CPA Firm Address)  
METAIRIE, LA 70005 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2021 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes  No  N/A

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes  No  N/A

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes  No  N/A

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes  No  N/A

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes  No  N/A

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes  No  N/A

**Reporting**

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes  No  N/A



We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [ ] No [ ] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [ ] N/A [ ]

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes [ ] No [ ] N/A []

#### **Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes [ ] No [ ] N/A []

#### **General**

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [ ] N/A [ ]

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes [] No [ ] N/A [ ]

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [ ] N/A [ ]

We have provided you with all relevant information and access under the terms of our agreement.

Yes [] No [ ] N/A [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [ ] No [ ] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes [] No [ ] N/A [ ]

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes [] No [ ] N/A [ ]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal

controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes  No  N/A

The previous responses have been made to the best of our belief and knowledge.

<u><i>Jennifer Stebbins</i></u>	Secretary	<u>6/28/22</u>	Date
<u><i>Bob W. Jung</i></u>	Treasurer	<u>6/28/22</u>	Date
<u><i>Chris Archip</i></u>	President	<u>6/28/2022</u>	Date