

EDEN CENTERS

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EDEN CENTERS FOR HOPE AND HEALING

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
 <u>FINANCIAL STATEMENTS:</u>	
Exhibit “A” Statements of Financial Position	4
Exhibit “B” Statements of Activities	5 – 6
Exhibit “C” Statements of Functional Expenses	7 – 8
Exhibit “D” Statements of Cash Flows.....	9
Notes to Financial Statements.....	10 – 18
 <u>SUPPLEMENTARY INFORMATION:</u>	
Schedule “1” Schedule of Compensation, Benefits, and Other Payments to the Agency Head	19
 <u>OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS</u>	
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20 – 21
Schedule of Findings and Responses.....	22
Summary Schedule of Prior Year Findings	23
Management’s Corrective Action Plan.....	24



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
Eden Centers
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Eden Centers (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Eden Centers as of December 31, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Governmental Audit Guide*, 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 Eden Centers and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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.



To the Board of Directors and Management
Eden Centers
New Orleans, Louisiana

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 Eden Centers' 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 *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eden Centers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eden Centers' ability to continue as a going concern for a reasonable period of time.



To the Board of Directors and Management
Eden Centers
New Orleans, Louisiana

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by Louisiana Revised Statute 24:513 A.(3), 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2024, on our consideration of Eden Centers' 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 solely 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 Eden Centers' 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 Eden Centers' internal control over financial reporting and compliance.

June 22, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

EDEN CENTERS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u> (As Restated)
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 616,491	\$ 514,986
Receivables:		
Accounts receivable	74	13,200
Grants receivable	191,428	326,129
Promises to give	-	4,355
Contributions	18,000	-
Prepaid expenses	33,823	6,604
Property and equipment, net	1,336,153	1,176,888
Deposits	<u>650</u>	<u>650</u>
 Total assets	 <u>\$ 2,196,619</u>	 <u>\$ 2,042,812</u>
<u>LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 59,437	\$ 35,641
Note payable	<u>150,000</u>	<u>150,000</u>
 Total liabilities	 <u>209,437</u>	 <u>185,641</u>
<u>NET ASSETS:</u>		
Without donor restrictions	1,841,890	1,327,954
With donor restrictions	<u>145,292</u>	<u>529,217</u>
 Total net assets	 <u>1,987,182</u>	 <u>1,857,171</u>
 Total liabilities and net assets	 <u>\$ 2,196,619</u>	 <u>\$ 2,042,812</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN CENTERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND OTHER REVENUES:</u>			
Grants	\$ 669,386	\$ 166,100	\$ 835,486
Contributions	73,996	-	73,996
In-kind contributions	102,325	-	102,325
Special events	229,697	-	229,697
Insurance proceeds	42,663	-	42,663
Other	25,613	-	25,613
Net assets released from restrictions	<u>550,025</u>	<u>(550,025)</u>	<u>-</u>
Total revenue	<u>1,693,705</u>	<u>(383,925)</u>	<u>1,309,780</u>
<u>EXPENSES:</u>			
Program services	918,809	-	918,809
Supporting activities:			
Management and general	138,587	-	138,587
Fundraising	<u>122,373</u>	<u>-</u>	<u>122,373</u>
Total expenses	<u>1,179,769</u>	<u>-</u>	<u>1,179,769</u>
Change in net assets	513,936	(383,925)	130,011
Net assets, beginning of year, as restated	<u>1,327,954</u>	<u>529,217</u>	<u>1,857,171</u>
Net assets, end of year	<u>\$ 1,841,890</u>	<u>\$ 145,292</u>	<u>\$ 1,987,182</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN CENTERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
<u>SUPPORT AND OTHER REVENUES:</u>			
Grants	\$ 282,846	\$ 201,000	\$ 483,846
Contributions	69,844	-	69,844
In-kind contributions	62,928	-	62,928
Special events	155,568	-	155,568
Insurance proceeds	-	-	-
Other	45,261	-	45,261
Net assets released from restrictions	275,386	(275,386)	-
Total revenue	891,833	(74,386)	817,447
 <u>EXPENSES:</u>			
Program services	701,165	-	701,165
Supporting activities:			
Management and general	98,199	-	98,199
Fundraising	71,712	-	71,712
Total expenses	871,076	-	871,076
Change in net assets	20,757	(74,386)	(53,629)
Net assets, beginning of year	1,307,197	603,603	1,910,800
Net assets, end of year	\$ 1,327,954	\$ 529,217	\$ 1,857,171

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN CENTERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Supporting Activities</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 464,502	\$ 21,047	\$ -	\$ 485,549
Payroll taxes	<u>34,112</u>	<u>1,544</u>	<u>-</u>	<u>35,656</u>
Total salaries and payroll taxes	498,614	22,591	-	521,205
Depreciation	28,298	3,144	-	31,442
Special event	2,764	4,750	61,026	68,540
Information technology	3,084	24,044	2,260	29,388
Insurance	19,031	2,115	-	21,146
Miscellaneous	1,199	6,138	-	7,337
Occupancy	203,893	11,730	-	215,623
Office expenses	1,912	8,398	382	10,692
Professional fees	16,116	47,143	55,829	119,088
Resident services	122,777	6,439	-	129,216
Telephone	11,459	1,273	-	12,732
Travel	<u>9,662</u>	<u>822</u>	<u>2,876</u>	<u>13,360</u>
Total expense by function	<u>\$ 918,809</u>	<u>\$ 138,587</u>	<u>\$ 122,373</u>	<u>\$ 1,179,769</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN CENTERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Activities		Total
		General and Administrative	Fundraising	
Salaries and wages	\$ 387,002	\$ 3,909	\$ -	\$ 390,911
Payroll taxes	<u>30,053</u>	<u>304</u>	<u>-</u>	<u>30,357</u>
Total salaries and payroll taxes	417,055	4,213	-	421,268
Depreciation	21,161	2,351	-	23,512
Special event	900	200	56,019	57,119
Information technology	2,612	16,169	2,260	21,041
Insurance	12,213	1,357	-	13,570
Miscellaneous	1,460	6,610	4	8,074
Occupancy	150,615	16,735	-	167,350
Office expenses	126	6,348	390	6,864
Professional fees	16,201	37,369	12,778	66,348
Resident services	59,887	3,189	261	63,337
Telephone	7,209	3,192	-	10,401
Travel	<u>11,726</u>	<u>466</u>	<u>-</u>	<u>12,192</u>
Total expense by function	<u>\$ 701,165</u>	<u>\$ 98,199</u>	<u>\$ 71,712</u>	<u>\$ 871,076</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN CENTERS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u> (As Restated)
<u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 130,011	\$ (53,629)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	31,442	23,512
(Increase) decrease in:		
Accounts receivable	13,126	(13,200)
Grant receivable	134,701	(39,850)
Promises to give	4,355	5,400
Contribution receivable	(18,000)	-
Prepaid expense	(27,219)	(2,093)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>23,796</u>	<u>14,562</u>
Net cash from (used for) operating activities	<u>292,212</u>	<u>(65,298)</u>
<u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(190,707)</u>	<u>(137,206)</u>
Net cash (used for) investing activities	<u>(190,707)</u>	<u>(137,206)</u>
Net increase (decrease) in cash	101,505	(202,504)
Cash and cash equivalents, beginning of year	<u>514,986</u>	<u>717,490</u>
Cash and cash equivalents, end of year	<u>\$ 616,491</u>	<u>\$ 514,986</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Eden Centers was incorporated as an independent 501(c)(3) nonprofit organization in 2011 to provide comprehensive and individualized recovery services to victims of human trafficking and commercial sexual exploitation through a long-term residential program. Over time, and to address the community's epidemic of human trafficking and commercial sexual exploitation, Eden Centers has grown and expanded its services more effectively through the introduction of a prevention education program and the launch of a social enterprise. However, the implementation of the comprehensive recovery services through a long-term residential program remains at the heart of Eden Centers. Eden Centers addresses the community's epidemic of human trafficking and commercial sexual exploitation, in addition to the related issues of addiction, mental illness, poverty and homelessness.

In order to end human and sexual trafficking, Eden Centers provides comprehensive recovery services to survivors of human trafficking and commercial sexual exploitation through a long-term individualized program of intensive and therapeutic case management in the safety of a confidentially located residence. Eden Centers implements an individualized treatment plan for each survivor that provides housing, food, health care, mental health and substance abuse counseling, job and financial literacy training, legal assistance, and education free of cost to them. Eden Centers' approach to case management and recovery aims to create a population of survivors who have not forgotten their pasts, but who have learned and grown from them into emotionally, physically, and mentally healthy women who are flourishing, contributing members of their communities. To accomplish this goal, Eden Centers uses a holistic approach, which treats not just the symptoms of a life of exploitation but creates a foundation of skills that facilitate the victim's ability to move forward with her life. The first few months at Eden Centers are spent focusing on stabilizing the residents' immediate needs, including intensive outpatient drug treatment for those with histories of addiction, 90/90 AA or NA meetings, trauma therapy, as well as physical and dental care. The next phase in the recovery program emphasizes education, job skills, life skills and continued recovery. During this time, Eden Centers continues to provide a spectrum of resources, including, but not limited to, housing, food, health care, psychotherapy, spiritual support, GED tutoring, financial education, legal support, and job training. Completion of, or graduation from, the program is assessed on an individual basis and entails reaching programmatic goals such as successfully completing trauma therapy, employment, savings, advanced education, etc. All these direct services are provided at no cost for residents, and residents, who are not working and who do not receive food stamps, receive weekly food and living stipends as part of the program.

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Accounting and Financial Reporting Framework

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of Eden Centers are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

Basis of Presentation

The financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under the provisions of the Codification, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Eden Centers and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Eden Centers. These net assets may be used at the discretion of Eden Centers' management and the board of directors. The revenues received in conducting the mission of Eden Centers are included in this category.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Eden Centers or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Eden Centers considers money market funds and all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposits and interest-bearing demand deposits. As of December 31, 2023 and 2022, Eden Centers held \$233,358 and \$232,944 of cash equivalents, respectively.

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Promises to Give

Unconditional promises to give (grants or contributions) are recorded as a receivable and revenue when received. Management closely monitors outstanding receivable balances and any balances that are determined to be uncollectible are written off. All receivable balances are considered to be fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary as of December 31, 2023 and 2022.

Property and Equipment

Property and equipment with a value equal to or greater than \$500 is capitalized at cost or estimated fair value if donated. Depreciation is provided using the straight-line method over estimated useful lives ranging from 3 to 39 years. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and improvements are capitalized.

Revenue Recognition

Grant and Contributions

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Contributions are recognized when the donor makes a promise to give to Eden Centers, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Special Events

Eden Centers receives revenue from special events. A portion of special event revenues is recognized as a contribution at the time of the ticket purchase. These amounts are reported to the donor as tax-deductible when received. The remainder of special event revenues are recognized when the event takes place as the event is the relevant performance obligation.

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Eden Centers.

Income Taxes

Under the provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, Eden Centers is exempt from taxes on income other than unrelated business income. Eden Centers has also been classified as an entity that is not a private foundation in Section 170 (b)(1)(A)(vi).

Eden Centers' evaluation as of December 31, 2023 revealed no tax positions that would have material impact on the financial statements. The 2020 through 2022 tax years remain subject to examination by the IRS. Eden Centers does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

New Accounting Pronouncements – Adopted

Eden Centers has adopted the Current Expected Credit Losses (CECL) accounting standard, as per Accounting Standards Update (ASU) No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326)*." The standard introduces a new model for estimating credit losses on financial instruments. After a thorough evaluation, management has determined that the impact of adopting the CECL standard on the financial statements is immaterial. Eden Centers has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process.

As a result, the adoption of the CECL standard has not had a material impact on Eden Centers' financial position, results of operations, or cash flows. Eden Centers will continue to monitor developments related to the CECL standard and will provide updates as necessary in future financial statement disclosures.

Date of Management's Review

Subsequent events have been evaluated through June 22, 2024, which is the date the financial statements were available to be issued.

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Eden Centers' financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. However, amounts already appropriated for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

	2023	2022
Financial assets, at year end	\$ 825,993	\$ 858,670
Less those unavailable for general expenditure within one year due to:		
Donor restrictions	(145,292)	(529,217)
Financial assets available to meet cash needs for general expenditures within one year	\$ 680,701	\$ 329,453

The financial assets available for general expenditures within one year of the statement of financial position date are not subject to donor or other contractual restrictions. Eden Centers' objective is to maintain liquid assets without donor restrictions sufficient to cover 18 months of program expenditures. Eden Centers maintains cash balances as reserves and regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources Eden Centers has available.

(3) PROMISES TO GIVE

Unconditional promises to give (grants and contributions) consist of the following at December 31, 2023 and 2022:

	2023	2022
Amounts due in less than one year	\$ 209,428	\$ 330,484
Amounts due in one to five years	-	-
Total unconditional promises to give	\$ 209,428	\$ 330,484

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(4) PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following as of December 31st:

	2023	2022
Land	\$ 222,786	\$ 222,786
Buildings	1,023,533	904,220
Furniture and equipment	30,525	11,752
Leasehold improvements	113,622	108,041
Software	8,413	5,606
Vehicles	44,233	-
	1,443,112	1,252,405
Less: accumulated depreciation	(106,959)	(75,517)
Total property and equipment, net	\$ 1,336,153	\$ 1,176,888

Depreciation expense totaled \$31,442 and \$23,512 for the years ended December 31, 2023 and 2022, respectively.

(5) NOTES PAYABLE

Eden Centers obtained a Small Business Association Economic Injury Disaster Loan on July 1, 2020 in the amount of \$150,000 with a \$100 administration fee. The note bears a 2.75% interest rate per annum and requires monthly payments of principal and interest totaling \$641 and will begin twelve months from the date of the promissory note. As of April 7, 2021 the Small Business Association has extended the first payment due date for the all loans until 24 months from the date of the note. As of March 15, 2022, the Small Business Association extended the first payment due date for all loans an additional 6 months from the date of the note. The note is scheduled to mature on July 1, 2050. There were no payments made in the years ended December 31, 2023 and 2022 and the balance on the note was \$150,000.

Following are maturities of notes payable for each of the next five years and thereafter:

2024	\$	-
2025		91
2026		3,615
2027		3,716
2028		3,819
Thereafter		138,759
Total	\$	150,000

As of December 31, 2023, Eden Centers has accrued \$6,401 as interest expense.

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(6) LINE OF CREDIT

At December 31, 2023 and 2022, Eden Centers had an available \$150,000 line of credit with a financial institution. The line of credit is unsecured, and has a maturity date of June 13, 2027 with a present interest rate of 9.6% per year. As of December 31, 2023 and 2022, there was no outstanding balance on the line of credit.

(7) NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Emergency center	\$ 47,315	\$ 345,693
Especially Eden	16,732	-
Garden House programming	29,746	106,129
House renovations	44,438	77,395
Legislative advocacy	<u>7,061</u>	<u>-</u>
Total	<u>\$ 145,292</u>	<u>\$ 529,217</u>

For the year ended December 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the time and/or purpose specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Emergency center	\$ 427,378	\$ 102,274
Especially Eden	3,268	-
Garden house programming	76,383	155,507
House renovations	32,957	17,605
Legislative advocacy	<u>10,039</u>	<u>-</u>
Total	<u>\$ 550,025</u>	<u>\$ 275,386</u>

(8) IN-KIND CONTRIBUTIONS

In-kind contributions for the years ended December 31, 2023 and 2022 included in the financial statements were as follows:

	<u>2023</u>	<u>2022</u>
Clinic space (Note 9)	<u>\$ 102,325</u>	<u>\$ 62,928</u>
	<u>\$ 102,325</u>	<u>\$ 62,928</u>

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(8) IN-KIND CONTRIBUTIONS (CONTINUED)

Eden Centers' policy related to gifts-in-kind is to utilize the assets given to carry out the mission of Eden Centers. If an asset is provided that does not allow Eden Centers to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Eden Centers was provided space to operate its emergency clinic at estimated fair market value as determined by the individual donor.

All contributed nonfinancial assets received by Eden Centers for the years ended December 31, 2023 and 2022 were considered without donor restrictions and able to be used by Eden Centers as determined by the board of directors and management.

(9) OPERATING LEASE

Eden Centers is provided with clinic space at Touro Infirmary for \$1. If rent was charged, annual payments would be approximately \$94,000. This amount includes the office space, parking, electrical, maintenance, storage, and other overhead amenities. This agreement began May 1, 2022 and will continue for 20 years until April 30, 2042, unless terminated by either party. Either party may terminate the lease at any time without cause upon 180 days prior written notice. In 2023, Eden Centers amended the lease to add another clinic space but did not change the expiration date. If rent was charged for the additional space, annual payments would be approximately an additional \$94,000. Eden Centers has recorded \$102,325 and \$62,928 of in-kind donations and rent expense on the statement of activities for the year ended December 31, 2023 and 2022.

(10) RELATED PARTY TRANSACTIONS

Eden Centers' board of directors is a voluntary board and therefore, no compensation was paid to any board member during the years ended December 31, 2023 and 2022. Several members of the board of directors promised pledges to Eden Centers and made pledge payments in the amount of \$205 and \$500 for the years ended December 31, 2023 and 2022, respectively. The remaining pledge balance was \$205 for the year ended December 31, 2022. There is no remaining pledge balance for the year ended December 31, 2023.

(11) CONCENTRATION OF CREDIT RISK

Eden Centers maintains its cash balances in two financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At fiscal year end December 31, 2023 and 2022, there were uninsured deposits in the amount of \$110,395 and \$236,725, respectively.

Approximately 48% of Eden Centers' contribution revenue was received from two sources for the year ended December 31, 2023. Approximately 43% of Eden Centers' contribution revenue was received from one source for the year ended December 31, 2022.

EDEN CENTERS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022

(12) PRIOR PERIOD ADJUSTMENT

Eden Centers did not correctly record an unconditional promise to give of \$105,000 for the year ended December 31, 2022, instead only recording the \$35,000 it received during the year ended December 21, 2022. Grants receivable and net assets as of December 31, 2022 have been restated by \$70,000 as a result of this error.

EDEN CENTERS
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2023

(See Independent Auditors' Report)

	Peggy Babin Indest (1/1/23-5/31/23) CEO	Jennifer Ray (5/15/23-9/29/23) CEO	Jennifer Best (9/29/23-Present) CEO
	<u> </u>	<u> </u>	<u> </u>
Salary	\$ -	\$ -	\$ -
FICA and Medicare	-	-	-
Mileage reimbursements	-	-	-
Program expense reimbursement	<u>-</u>	<u>-</u>	<u>-</u>
 Total compensation, benefits, and other payments	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

*Note: Peggy Babin Indest, Jennifer Ray and Jennifer Best do not receive salary or related benefits from public sources.



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

To the Board of Directors and Management of
Eden Centers
New Orleans, 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 Eden Centers, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be material weaknesses.



To the Board of Directors and Management
Eden Centers
New Orleans, Louisiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eden Centers' 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 statements. 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*.

Eden Centers' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Eden Centers' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Eden Centers' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Eden Centers' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eden Centers' internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 22, 2024
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

EDEN CENTERS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Eden House.
2. A material weakness in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2023.

SECTION II FINANCIAL STATEMENT FINDINGS

Material Weakness

2023-001 Recording Unconditional Promises to Give

Criteria: In order to conform to generally accepted accounting principles, unconditional promise to give should be recognized in revenue when earned.

Condition: During our audit, we noted that Eden Centers did not record the entire amount of an unconditional promise to give that it received in the prior year.

Effect: Revenues were understated during the prior year and overstated throughout 2023 for interim financial statements. A prior period adjustment had to be made.

Cause: Eden Centers experienced significant turnover in senior leadership positions during the prior year resulting in transition issues where the outside bookkeepers did not receive all relevant documentation to properly record transactions.

Recommendation: Eden Centers should provide grant award letters to the outside bookkeepers to determine if there are any barriers to recognition. Revenues and receivables should be reconciled monthly to ensure that appropriate amounts have been recorded in Eden Centers' accounts.

Management's Response: Eden Centers agrees with the finding and will work to implement the recommendation. See Management's Corrective Action Plan for further information.

EDEN CENTERS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

SECTION II – MANAGEMENT LETTER ITEMS

NOT APPLICABLE



EDEN CENTERS

MANAGEMENT’S CORRECTIVE ACTION PLAN - FINDINGS

JUNE 30, 2023

June 22, 2024

Board of Directors

Kara Van de Carr
Co-Founder and President

Katherine K. Green
Co-Founder and Vice President

Susie Allen

Peggy Babin

Ayame Dinkler

Courtney Freeman

Hon. Joy Cossich Lobrano

Erin Luetkemeier

Emily Palit

Rev. John Pitzer

Gina Rachel

Bp. Marcelo Sánchez Sorondo

Honorary Board

Stacy Head

Hon. Karen Herman

Yvette Jones

John Krentel

Natalie LaBorde

Ronal Serpas

Rev. Mitchell Smith

Rev. Becca Stevens

Louisiana Legislative Auditor

Eden Centers dba Eden Centers for Hope and Healing (Eden Centers) respectfully submits the following corrective action plan for the year ended December 31, 2023.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal Street
New Orleans, LA 70119

Audit Period: January 1, 2023 – December 31, 2023

The findings from the December 31, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

SECTION II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding 2023-001 Recording Unconditional Promises to Give

Recommendation: Eden Centers should put additional policies and procedures in place over promises to give to ensure that all promises to give are recorded in the appropriate period.

Response: Eden Centers agrees with the recommendation and will work towards being compliant for the 2024 filing.

If there are any questions regarding this plan, please contact Jennifer Best, CEO, at jenniferbest@edenhousenola.org.

Sincerely,


[Jennifer Best](#) (Jun 28, 2024 15:41 CDT)

Jennifer Best
CEO

Eden Centers is a movement to eradicate the trafficking and selling of human beings. We create systemic change through: youth prevention; education and legislative advocacy; recovery and reentry services for victims, including emergency, transitional, and long-term shelter; and a lifelong community of care for survivors.

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